Registered No: 1974484

Kerneos Limited

Annual Report and Financial Statements

31 December 2015

Registered No: 1974484

Directors
A Beardmore
J-M Bianchi
P Odendaal
T Newton
P Bottomley

Secretary
I Adamson

Auditor
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Strategic report

The directors present their Strategic report for the year ended 31 December 2015.

Principal activities and review of the business

The principal activity of the company during the year was the manufacture and distribution of calcium aluminates.

In order to maximise the benefits for both shareholders and stakeholders, the company has continued to invest in all areas of the business including its products, processes and people.

The turnover of the company fell by 7% due to a combination of an appreciation of Sterling and lower demand from the refractory market in the UK and overseas. The global oversupply of steel has had a strong impact on refractory customers. Lower sales to refractory customers were partially offset by growing sales to construction markets. Never the less, gross profit declined sharply, largely due to the strength of Sterling meaning that sales into Europe in particular were at significantly reduced margins. The company continues to invest in improved manufacturing processes and careful purchasing.

The company has continued to control the levels of working capital required in the business.

	2015	*2014*
Turnover (£000's)	41,134	44,414
Gross profit as a % of sales	18%	24%
Profit after tax (£000's)	3,521	5,997
Current assets as a % of current liabilities	133%	122%
Average number of employees	61	61

Future developments

In the United Kingdom, the company and group support our customers through innovative products and technical support. Kerneos Limited has positioned itself as a manufacturing facility that is flexible and highly skilled within the Kerneos group and is constantly striving for and attaining excellence in the production of existing products and providing a base for the manufacture of further products.

Strategic report (continued)

Principal risks and uncertainties

The company faces a number of principal risks and uncertainties and endeavours to minimise these by using relevant policies and procedures.

In order to understand the company's competitive position in the marketplace, the company utilises and investigates relevant information on competitors, products, technology and general market conditions.

To minimise environmental, health and safety, other legislative and contract risk, the company ensures that employees are able to identify such risks through a combination of experience and training. Where such knowledge is not available internally or requires further input, the company takes advice from external sources.

Credit risk is managed by managing credit terms and through the debt collection process.

Currency risk is monitored and mitigated at both company and group level through the use of a variety of specific and general hedging and forward transactions depending on the exposure of the group at the time.

On behalf of the board

A Beardmore
Director

28 June 2016

Directors' report

The directors present their annual report and financial statements for the year ended 31 December 2015.

Results and dividends

The profit for the year after taxation amounted to £3,521,000 (2014 - £5,997,000). Ordinary interim dividends of £2,250,000 (2014 - £4,984,000) were paid during the year. The directors do not recommend the payment of a final dividend.

Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report on pages 2 and 3.

The company has considerable financial resources together with long-term contracts with a number of customers and suppliers across different geographic areas and industries. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Directors

The directors who served the company during the year were as follows:

A Beardmore
J-M Bianchi
P Odendaal
T Newton
P Bottomley

Disclosure of information to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and of the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Re-appointment of Auditor

In accordance with section 485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting of the Company for reappointment of Ernst & Young LLP as auditor of the company.

On behalf of the board

A Beardmore
Director

28 June 2016

Statement of 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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) and in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" (FRS101). 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards, including FRS101, 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 proper 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.

Independent auditor's report to the members of Kerneos Limited

We have audited the financial statements of Kerneos Limited for the year ended 31 December 2015 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS101, 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 auditor
As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accounting Practice, including Financial Reporting Standard 101 'Reduced Disclosure Framework'; 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 the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

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.

Ernst & Young LLP

Ian C Strachan (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
Cambridge, UK
30 June 2016

Statement of comprehensive income

for the year ended 31 December 2015

	Notes	2015 £000	2014 £000
Turnover	3	41,134	44,414
Cost of sales		(33,746)	(33,593)
Gross profit		7,388	10,821
Administrative expenses		(3,775)	(3,583)
Operating profit	4	3,613	7,238
Interest receivable	7	18	39
Interest payable	8	(363)	(402)
Profit on ordinary activities before taxation		3,268	6,875
Tax on profit on ordinary activities	9	253	(878)
Profit for the financial year		3,521	5,997
Other comprehensive income		-	-
Total comprehensive income		3,521	5,997

All of the activities of the company are classified as continuing.

The notes on pages 11 to 24 form part of the financial statements

Balance sheet
at 31 December 2015

	Notes	2015 £000	2014 £000
Fixed assets			
Tangible assets	11	14,397	14,455
Current assets			
Stocks	12	6,255	5,824
Debtors	13	6,672	7,144
Cash at bank and in hand		892	734
		13,819	13,702
Creditors: amounts falling due within one year	14	(10,427)	(11,256)
Net current assets		3,392	2,446
Total assets less current liabilities		17,789	16,901
Provisions for liabilities			
Deferred tax liability	9	(2,206)	(2,589)
Net assets		15,583	14,312
Capital and reserves			
Called up ordinary share capital	17	5,600	5,600
Capital redemption reserve	18	1,045	1,045
Profit and loss account		8,938	7,667
Shareholders' funds		15,583	14,312

Approved by the board and signed on its behalf by:

A Beardmore
Director

28 June 2016

The notes on pages 11 to 24 form part of the financial statements

Statement of changes in equity
For the year ended 31 December 2015

	Share capital *£000*	*Capital redemption reserve* *£000*	*Profit and loss account* *£000*	*Total equity* *£000*
At 1 January 2014	5,600	1,045	6,654	13,299
Profit for the year	-	-	5,997	5,997
Equity dividends paid	-	-	(4,984)	(4,984)
At 1 January 2015	5,600	1,045	7,667	14,312
Profit for the year	-	-	3,521	3,521
Equity dividends paid	-	-	(2,250)	(2,250)
At 31 December 2015	5,600	1,045	8,938	15,583

The notes on pages 11 to 24 form part of the financial statements

Notes to the financial statements
at 31 December 2015

1. Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of Kerneos Limited (the "Company") for the year ended 31 December 2015 were authorised for issue by the board of directors on 28 June 2016 and the balance sheet was signed on the board's behalf by A Beardmore. Kerneos Limited is incorporated and domiciled in England and Wales.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards. The Company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

The principal accounting policies adopted by the Company are set out in note 2.

2. Accounting policies

During the year the company transitioned from previously extant UK GAAP to FRS 101 - Reduced Disclosure Framework and has taken advantage of the disclosure exemptions allowed under this standard. The Company's parent undertaking, Kerneos Holding Northern Europe Limited, was notified of and did not object to the use of the EU-adopted IFRS disclosure exemptions. Details of the recognition or measurement differences arising on the adoption of FRS 101 are included in note 22 to these financial statements.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2015.

The Company has taken advantage of the following disclosure exemptions under FRS 101:
(a) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement,
(b) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  (i) paragraph 79(a)(iv) of IAS 1;
  (ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  (iii) paragraph 118(e) of IAS 38 Intangible Assets;
(c) the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements;
(d) the requirements of IAS 7 Statement of Cash Flows;
(e) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
(f) the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
(g) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member ; and
(h) the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets,

Basis of preparation
The financial statements are prepared under the historical cost convention, and in accordance with applicable accounting standards.

Going concern
The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report and Directors' report.

Notes to the financial statements
at 31 December 2015

2. Accounting policies (continued)

The company has considerable financial resources together with long-term contracts with a number of customers and suppliers across different geographic areas and industries. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Tangible fixed assets
Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets, other than freehold land and assets under construction, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows:

Freehold buildings	-	35 years
Plant and machinery	-	20 years
Fixtures and fittings	-	5 years
Motor vehicles	-	4 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

Stocks
Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

Raw materials, consumables and goods for resale	-	weighted average purchase cost
Work in progress and finished goods	-	cost of direct materials and labour plus attributable overheads based on a normal level of activity, excluding borrowing costs

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Inter-company balances
Amounts owed by or to group undertakings are classified as short term assets or liabilities unless there is a formal loan arrangement in place that specifies repayment over a period longer than one year at the balance sheet date.

Interest income and expense
Revenue and expenditure are recognised as interest accrues using the effective interest method.

Notes to the financial statements
at 31 December 2015

2. Accounting policies (continued)

Income taxes
Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related tax asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if a legally enforcement right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the income statement.

Foreign currencies
The company's financial statements are presented in sterling, which is also the company's functional currency.

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Revenue recognition
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Revenues represent the value, before sales tax, of goods, products and services sold as part of the ordinary activities of the company. Revenues from the sale of goods, products and services are recorded when the company has transferred the significant risks and rewards of ownership of the goods, products or services to the buyer (generally at the date that ownership is transferred).

Revenue is measured at the fair value of the consideration received or receivable.

Notes to the financial statements
at 31 December 2015

2. Accounting policies (continued)

Operating leases
Leases where the lessor retains a significant portion of the risks and benefits of ownership of the asset are classified as operating leases and rentals payable are charged in the income statement on a straight line basis over the lease term.

Pensions
The company operates a defined contribution pension scheme. Contributions to defined contribution schemes are recognised in the profit and loss account in the period in which they become payable.

Judgements and key sources of estimation uncertainty
The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

Taxation
Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 9.

3. Turnover
Turnover, which is stated net of value added tax, represents amounts invoiced to third parties less returns and trade discounts.

Turnover is attributable to one continuing activity, as stated in the Strategic report.

An analysis of turnover by geographical market is given below:

	2015	*2014*
	£000	*£000*
United Kingdom	19,126	19,412
Rest of Europe	22,008	25,002
	41,134	44,414

Notes to the financial statements
at 31 December 2015

4. Operating profit

This is stated after charging/(crediting):

		2015 £000	2014 £000
Auditor's remuneration	- audit services	39	38
	- other services - taxation	33	30
Depreciation of owned fixed assets (note 11)		1,402	1,337
Operating lease rentals - plant and machinery		81	66
Net gain on foreign currency translation		(291)	(327)
Cost of stocks recognised in cost of sales		33,098	32,934

5. Staff costs

	2015 £000	2014 £000
Wages and salaries	3,289	3,078
Social security costs	384	355
Staff pension contributions	521	400
	4,194	3,833

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

	2015 No.	2014 No.
Production	48	49
Commercial	8	7
Administration	5	5
	61	61

6. Directors' remuneration

	2015 £000	2014 £000
Remuneration	560	619
Value of company pension contributions to defined contribution schemes	117	78

	No.	No.
Number of directors accruing benefits under defined contribution schemes	4	4

Notes to the financial statements
at 31 December 2015

6. Directors' remuneration (continued)

The amounts in respect of the highest paid director are as follows:

	2015 £000	2014 £000
Remuneration	250	233
Company contributions paid to defined contribution schemes	43	42

7. Interest receivable

	2015 £000	2014 £000
Interest receivable from group undertakings	18	39

8. Interest payable

	2015 £000	2014 £000
Interest payable on loan from group undertaking	363	402

9. Taxation

(a) Tax on profit on ordinary activities

The tax (credit)/charge is made up as follows:

	2015 £000	2014 £000
Current tax:		
UK corporation tax on profit for the year	258	1,036
Group relief payable	159	156
Adjustments in respect of prior years	(287)	-
Total current tax	130	1,192
Deferred tax:		
Origination and reversal of timing differences	12	199
Effect of decreased tax rate on opening liability	(245)	-
Adjustments in respect of prior years	(150)	(513)
Total deferred tax (note 9(c))	(383)	(314)
Tax on profit on ordinary activities	(253)	878

Notes to the financial statements
at 31 December 2015

9. Taxation *(continued)*

(b) Reconciliation of total tax charge

The tax assessed on the profit on ordinary activities for the year differs from the standard rate of corporation tax in the UK of 20.25% (2014 – 21.5%). The differences are reconciled below:

	2015	*2014*
	£000	*£000*
Profit on ordinary activities before taxation	3,268	6,875
Profit on ordinary activities multiplied by standard rate of corporation tax of 20.25% (2014 – 21.5%)	662	1,478
Expenses not deductible for tax purposes	28	8
Capital allowances in advance of depreciation	(27)	(12)
Short term timing differences	27	203
Group relief received	(420)	(442)
Group relief paid for	159	156
Adjustments in respect of prior years	(437)	(513)
Effect of decreased tax rate on opening deferred tax liability	(245)	-
Tax on profit on ordinary activities (note 8(a))	(253)	878

(c) Deferred tax

	2015	*2014*
	£000	*£000*
Capital allowances in advance of depreciation	1,700	1,867
Other timing differences	(54)	(36)
Capital gains	560	758
Provision for deferred taxation	2,206	2,589

	£000
At 1 January 2015	2,589
Profit and loss account movement arising during the year (note 8(a))	(383)
At 31 December 2015	2,206

(c) Factors affecting future tax charges

The standard rate of UK corporation tax reduced from 21% to 20% on 1 April 2015. The Finance Act 2015, which received Royal Assent on 26 March 2015, states that this rate will not change for financial year 2016. Deferred tax has been calculated accordingly in these financial statements.

In his budget of 8 July 2015, the Chancellor of the Exchequer announced tax rate changes, which, if enacted in the proposed manner, will have an effect on the company's future tax position. These additional changes will reduce the standard rate of UK corporation tax from 20% to 19% from 1 April 2017, and 18% from 1 April 2020. These proposed changes had been substantively enacted at the balance sheet date and consequently their effects are included in these financial statements.

Notes to the financial statements
at 31 December 2015

9. Taxation (continued)

(c) Factors affecting future tax charges (continued)
The Spring Budget 2016 announced a further reduction in the corporation tax rate to 17% for the Financial Year beginning 1 April 2020 which has not yet been substantively enacted and consequently the effect is not included in these financial statements.

The above changes to the rate of corporation tax will impact the amount of future cash tax payments to be made by the company.

10. Dividends

	2015 *£000*	*2014* *£000*
Equity dividends on ordinary shares declared and paid during the year:		
First interim: 8.04p (2014: 3.25p)	450	182
Second interim: 32.14p (2014: 5.39p)	1,800	302
Third interim: 0.00p (2014: 17.86p)	-	1,000
Fourth interim: 0.00p (2014: 8.93p)	-	500
Fifth interim: 0.00p (2014: 53.57p)	-	3,000
	2,250	4,984

11. Tangible fixed assets

	Land and buildings					
	Freehold buildings £000	*Freehold land £000*	*Plant and machinery £000*	*Fixtures and fittings £000*	*Assets under construction £000*	*Total £000*
Cost:						
At 1 January 2015	4,508	346	26,582	1,704	-	33,140
Additions	-	-	-	-	1,344	1,344
Transfers	322	-	568	92	(982)	-
At 31 December 2015	4,830	346	27,150	1,796	362	34,484
Depreciation:						
At 1 January 2015	2,080	-	15,304	1,301	-	18,685
Provided during the year	113	-	1,206	83	-	1,402
At 31 December 2015	2,193	-	16,510	1,384	-	20,087
Net book value:						
At 31 December 2015	2,637	346	10,640	412	362	14,397
At 1 January 2015	2,428	346	11,278	403	-	14,455

Included within fixed assets are fully depreciated assets still in use. The cost element of the asset types is Freehold buildings £709,000 (2014: £676,000) Plant and machinery £5,562,000 (2014: £4,434,000), and Fixtures and fittings £1,175,000 (2014: £1,026,000). The land and buildings are secured by a fixed and floating charge and supplemental charge dated 13 March 2015 and 24 July 2015 respectively.

Notes to the financial statements
at 31 December 2015

12. Stocks

	2015 £000	2014 £000
Raw materials and consumables	4,403	3,866
Work in progress	157	128
Finished goods	1,695	1,830
	6,255	5,824

The difference between purchase price or production cost of stocks and their replacement cost is not material.

13. Debtors

	2015 £000	2014 £000
Trade debtors	1,781	1,520
Amounts owed by group undertakings	4,269	5,502
Other debtors	28	21
Corporation tax	498	-
Prepayments and accrued income	96	101
	6,672	7,144

Amounts owed by group undertakings relate to standard trading balances and short term current account balances.

14. Creditors: amounts falling due within one year

	2015 £000	2014 £000
Trade creditors	1,116	2,010
Amounts owed to group undertakings	7,336	6,959
Corporation tax	-	232
Other taxation and social security	620	572
Accruals and deferred income	1,355	1,483
	10,427	11,256

Amounts owed to group undertakings include standard trading balances and short term current account balances. Also included is a loan of €6m (2014: €6m) (£4,404k) to a group company, this loan is repayable on demand.

15. Pensions

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account. The contributions to the defined contribution scheme in the year were £521,000 (2014 - £400,000). At the balance sheet date there was £nil accrued / prepaid contributions (2014 - £nil)

Notes to the financial statements
at 31 December 2015

16. Commitments under operating leases

At 31 December 2015 the company had future minimum rentals under non-cancellable operating leases as set out below:

	Plant and machinery	
	2015	*2014*
	£000	*£000*
Future minimum rentals due:		
Not later than one year	96	69
After one but not more than five years	220	171
More than five years	-	1

17. Issued share capital

	Allotted, called up and fully paid			
		2015		*2014*
	No.	*£000*	*No.*	*£000*
Ordinary shares of £1 each	5,600,000	5,600	5,600,000	5,600

18. Reserves

Capital redemption reserve
The capital redemption reserve records the amounts transferred in accordance with the requirements of the Companies Act.

19. Related party transactions
The company has taken advantage of the exemption available under paragraph 8(k) of FRS 101 not to disclose transactions with other members of the Kerneos group. This is as a result of group consolidated financial statements for the Kerneos Holding Group SAS being publicly available.

20. Contingent liabilities
At 31 December 2015 a fixed and floating charge, dated 23 May 2015, over the assets of the company was in place between the company and a security agent, securing all present, future, actual or contingent liabilities due to the secured creditors.

21. Ultimate parent undertaking and controlling party
At 31 December 2015, the ultimate parent undertaking and controlling party was Astorg V FPCI (Fonds Professionnel de Capital Investissement), a private investment fund managed by Astorg Partners. The immediate parent undertaking is Kerneos Holding Northern Europe Limited.

The smallest group in which the results of the company are consolidated is that of Kerneos Holding Group SAS incorporated in France and the largest consolidated group is that of Kern Tech 1 SA, incorporated in Luxembourg. The consolidated financial statements of Kerneos Holding Group SAS are available at Immeuble Pacific, 11 Cours Valmy, Paris - La Défense, 92800 Puteaux, France.

Notes to the financial statements
at 31 December 2015

22. Transition to FRS 101

For all periods up to and including the year ended 31 December 2015, the Company prepared its financial statements in accordance with previously extant United Kingdom generally accepted accounting practice (UK GAAP). These financial statements, for the year ended 31 December 2015, are the first the company has prepared in accordance with FRS 101.

Accordingly, the Company has prepared individual financial statements which comply with FRS 101 applicable for periods beginning on or after 1 January 2014 and the significant accounting policies meeting those requirements are described in the relevant notes.

In preparing these financial statements, the Company has started from an opening balance sheet as at 1 January 2015, the Company's date of transition to FRS101, and made those changes in accounting policies and other restatements required for the first-time adoption of FRS 101. As such, this note explains the principal adjustments made by the Company in restating its balance sheet as at 1 January 2014 prepared under previously extant UK GAAP and its previously published UK GAAP financial statements for the year ended 31 December 2014.

On transition to FRS 101, the company has applied the requirements of paragraphs 6-33 of IFRS 1 "First time adoption of International Financial Reporting Standards".

Notes to the financial statements

at 31 December 2015

22. Transition to FRS 101 (continued)

Reconciliation of equity at 1 January 2014

	Notes	UK GAAP	FRS101 remeasurements	FRS101
		£000	*£000*	*£000*
Fixed assets				
Tangible assets		14,043	-	14,043
Current assets				
Stocks		6,139	-	6,139
Trade debtors		1,485	-	1,485
Amounts owed by group undertakings		5,040	-	5,040
Other debtors		24	-	24
Corporation tax		-	-	-
Prepayments and accrued income		79	-	79
Cash at bank and in hand		1,078	-	1,078
		13,845	-	13,845
Creditors: amounts falling due within one year				
Trade creditors		1,610	-	1,610
Amounts owed to group undertakings		7,757	-	7,757
Corporation tax		532	-	532
Other taxation and social security		499	-	499
Accruals and deferred income		1,288	-	1,288
		11,686	-	11,686
Net current assets		2,159	-	2,159
Total assets less current liabilities		16,202	-	16,202
Provisions for liabilities				
Deferred tax liability	1	2,739	164	2,903
Net assets		13,463	164	13,299
Capital and reserves				
Called up ordinary share capital		5,600	-	5,600
Capital redemption reserve		1,045	-	1,045
Profit and loss account		6,818	(164)	6,654
		13,463	(164)	13,299

Notes to the financial statements
at 31 December 2015

22. Transition to FRS 101 (continued)

Reconciliation of equity at 31 December 2014

	Notes	UK GAAP	FRS101 remeasurements	FRS101
		£000	*£000*	*£000*
Fixed assets				
Tangible assets		14,455	-	14,455
Current assets				
Stocks		5,824	-	5,824
Trade debtors		1,520	-	1,520
Amounts owed by group undertakings		5,502	-	5,502
Other debtors		21	-	21
Corporation tax		-	-	-
Prepayments and accrued income		101	-	101
Cash at bank and in hand		734	-	734
		13,702	-	13,702
Creditors: amounts falling due within one year				
Trade creditors		2,010	-	2,010
Amounts owed to group undertakings		6,959	-	6,959
Corporation tax		232	-	232
Other taxation and social security		572	-	572
Accruals and deferred income		1,483	-	1,483
		11,256	-	11,256
Net current assets		2,446	-	2,446
Total assets less current liabilities		16,901	-	16,901
Provisions for liabilities				
Deferred tax liability	1	2,476	113	2,589
Net assets		14,425	113	14,312
Capital and reserves				
Called up ordinary share capital		5,600	-	5,600
Capital redemption reserve		1,045	-	1,045
Profit and loss account		7,780	(113)	7,667
		14,425	(113)	14,312

Notes to the financial statements
at 31 December 2015

22. Transition to FRS 101 (continued)

Restatement of equity from UK GAAP to FRS 101

1. Current and deferred tax

Under IFRS, deferred tax is recognised on gains on disposals of assets. Under previous UK GAAP deferred tax was not recognised if the gain was rolled over into replacement assets, and the disposal of those assets was not expected in the foreseeable future.