Low & Bonar Hull Limited (formerly Bonar Limited)

Annual report and financial statements

Registered number 03270532

30 November 2016

Contents

Strategic report

Business review

Objectives

The Company's long term objective is to increase profitability by continuing to build a business which is market-driven, focussed on our customers and optimises our operational efficiencies. In pursuing this objective the Company intends to maintain sound financial management and avoid excessive risks.

Key business strategies

In pursuit of its objectives the Company has a number of key business strategies which have been successfully implemented over the previous year:

- **Commercial Execution** – our customers are at the centre of what we do. We closely engage with our customers to anticipate their needs and retain their support.
- **Geographical Expansion** – a key part of our business model is to be truly local.
- **Technology differentiation** – innovation is critical to our future growth and productivity, we work closely with our customers to ensure our product solutions create value.
- **Operational Excellence** - we champion best practice to optimise business processes across the Company.

The strategy is reviewed annually by the Directors in the light of the Company's performance and changing market conditions to ensure it remains appropriate to achieve the Company's objectives.

Risks and uncertainties

The key risk areas of the Company, along with the Company's mitigation strategy are as follows:

- Organic growth/competition – The markets in which the Company operates are competitive with respect to price, geographic distinction, functionality, brand recognition and marketing and customer service. The Company has chosen to operate in attractive niche markets, using proprietary technology to manufacture products which are important determinants of the performance and/or efficiency of our customers' final product or process. Significant resources are dedicated to developing and maintaining strong relationships with our customers, and to developing new and innovative products which meet their precise needs.
- Global economic activity - The volatility of the Company's main markets could result in reduced levels of demand for the Company's products, a greater risk of customers defaulting on payment terms, supply chain risk and a higher risk of inventory obsolescence. Management monitor the markets and are empowered to respond quickly to changing conditions. Production costs may be quickly flexed to balance production with demand, including the use of short-time working arrangements where available. The Company also has a broad base of customers. Company policy ensures customers are given an appropriate level of credit based on their trading history and financial status, and a prudent approach is adopted towards credit control. Credit insurance is used where available. Procurement management mitigates supply chain risk by identifying and qualifying alternative sources of key raw materials.

Having considered the above risks and uncertainties, the Directors have a reasonable expectation that the Company has adequate resources to continue operating for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing these financial statements.

Key performance indicators

The Company uses a number of financial measures to monitor progress against strategies and corporate objectives. These are summarised below:

	2016 £000	2015 £000
Turnover	**6,186**	5,693
Operating profit	**1,226**	460
Net Assets	**6,719**	5,653

Strategic report *(continued)*

In addition to financial measures, health, safety and environmental concerns are at the core of all working practices. In measuring the success of this, the Directors review the level of reported incidents in the current month and as an average over the last 12 months.

During the year, performance has been satisfactory and as far as the Directors are aware, this is likely to be the case in the forthcoming year.

Future prospects

The Directors are confident that the Company's strategy will continue to deliver results that meet our key business objectives in the years to come.

Employees

The Company's overall policy is to keep employees informed on matters of concern to them and to encourage employee involvement. This policy is implemented in a wide variety of ways including regular meetings with employees' representatives.

Employee engagement activities have been particularly focussed during 2016, aimed at creating a unified business culture underpinning delivery of the right people, leadership, capabilities and organisation to fully achieve the Company strategy and associated business results. These activities include employee engagement campaigns related to the launch of Low & Bonar's new brand and our Group-wide core values.

Our approach to talent management has included the implementation of a new performance management programme during the year. Involving an inclusive range of activities designed to differentially recognise and reward individual and team contributions to the overall success and strategic direction of the business.

The Company's employees are invited to participate in share ownership plans to encourage equity ownership.

Environmental policy

Environmental management remains a key area of focus for the Company. We recognise that we have an environmental impact through our use of raw materials, our manufacturing processes (including the use of energy, water and the generation of waste) and the use and disposal of our products. We continually seek to improve in all aspects of our environmental management and regard compliance with environmental regulation as the minimum standard to be achieved. The Company has environmental policies and improvement plans in place to support the wider Group environmental policy, and environmental performance metrics form an integral part of the Company's management information. The Company seeks to continuously improve the management of their environmental impacts, ensure that their existing products provide the best environmental performance available, and where possible, to innovate with new products that have sustainability at their core, and to add real value to our customers.

By order of the board

S Dray
Director

Squire Patton Boggs (UK) LLP
Rutland House
148 Edmund Street
Birmingham
B3 2JR

Dated: 25 July 2017

Directors' report

Principal activities

The principal activity of the Company is the distribution and sale of purpose designed synthetic fibre for use as an additive in concrete and related materials.

Proposed dividend

The directors do not recommend the payment of a dividend *(2015: nil)*.

Directors

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

F Ceulemans
S Dray
N Ryan (Appointed 6 July 2016)

Political contributions

The Company made no political donations or incurred any disclosable political expenditure during the year.

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.

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on pages 1 and 2.

On 15 November 2016, the Company changed its name to Low & Bonar Hull Limited from Bonar Limited.

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

S Dray
Director

Squire Patton Boggs (UK) LLP
Rutland House
148 Edmund Road
Birmingham
B3 2JR

25 July 2017

Statement of directors' responsibilities in respect of the annual 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), including FRS 101 Reduced Disclosure Framework.

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 judgements 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

Independent auditor's report to the members of Low & Bonar Hull Limited (formerly Bonar Limited)

We have audited the financial statements of Low & Bonar Hull Limited for the year ended 30 November 2016 set out on pages 6 to 18 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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

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 30 November 2016 and 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 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.

Anthony Hambleton

Anthony Hambleton *(Senior Statutory Auditor)*

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
St Nicholas House
Park Row
Nottingham, NG1 6FQ

Dated: 25 July 2017

Profit and loss account and other comprehensive income
for the year ended 30 November 2016

	Note	2016 £000	2015 £000
Turnover	2	**6,186**	5,693
Cost of sales		**(4,357)**	(4,312)
Gross profit		**1,829**	1,381
Administrative expenses		**(1,374)**	(1,689)
Other operating income		**771**	768
Operating profit	3	**1,226**	460
Other interest receivable and similar income	6	**112**	94
Profit on ordinary activities before taxation		**1,338**	554
Tax on profit on ordinary activities	7	**(272)**	(114)
Profit for the financial year		**1,066**	440
Other Comprehensive Income		**-**	-
Total comprehensive income for the year		**1,066**	440

Balance sheet
at 30 November 2016

	Note	2016		2015	
		£000	£000	£000	£000
Fixed assets					
Tangible assets	*8*		**20**		29
			20		29
Current assets					
Stocks	*9*	**523**		487	
Debtors	*10*	**7,054**		6,145	
Cash at bank and in hand		**696**		118	
		8,273		6,750	
Creditors: amounts falling due within one year	*11*	**(1,574)**		(1,126)	
Net current assets			**6,699**		5,624
Total assets less current liabilities			**6,719**		5,653
Net assets			**6,719**		5,653
Capital and reserves					
Called up share capital	*12*		**1,017**		1,017
Profit and loss account			**5,702**		4,636
Shareholder's funds			**6,719**		5,653

These financial statements were approved by the board of directors on 25 July 2017 and were signed on its behalf by:

S Dray
Director

Company registered number: 03270532

Statement of changes in equity

	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 December 2014	1,017	4,196	5,213
Total comprehensive income for the year			
Profit for the year	-	440	440
Total comprehensive income for the year	-	440	440
Balance at 30 November 2015	**1,017**	**4,636**	**5,653**

	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 December 2015	1,017	4,636	5,653
Total comprehensive income for the year			
Profit for the year	-	1,066	1,066
Total comprehensive income for the year	-	1,066	1,066
Balance at 30 November 2016	**1,017**	**5,702**	**6,719**

Notes
(forming part of the financial statements)

1 Accounting policies

Low & Bonar Hull Limited (formerly Bonar Limited) (the "Company") is a Company incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework ("FRS 101")*. The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 and effective immediately have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In the transition to FRS 101, the Company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with FRS 101. An explanation of how the transition to FRS 101 has affected the reported financial position, financial performance and cash flows of the Company is provided in note 18.

The Company's ultimate parent undertaking, Low & Bonar Plc, includes the Company in its consolidated financial statements. The consolidated financial statements of Low & Bonar Plc are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Companies House, 4th Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital and tangible fixed assets;
- Disclosures in respect of transactions with wholly owned subsidiaries ;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the Company.

As the consolidated financial statements of Low & Bonar Plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 17.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis. Non-current assets are stated at the lower of previous carrying amount and fair value less costs to sell.

Notes *(continued)*

1 Accounting policies *(continued)*

1.2 Going concern

After making appropriate enquiries, the Directors of the Company have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in the Company's annual financial statements.

1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in the profit and loss account

1.4 Classification of financial instruments issued by the Company

Following the adoption of IAS 32, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and

(b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

1.5 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Notes *(continued)*

1 Accounting policies *(continued)*

1.6 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

- Plant and machinery 15% per annum
- Fixtures and fittings 15% to 25% per annum

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

1.7 Intangible assets

Research and development

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Expenditure on development activities, where research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible and the Company has sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads.

1.8 Government grants

Capital based government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the estimated useful economic lives of the assets to which they relate

1.9 Stocks

Stocks are stated at the lower of cost and net realisable value, after making due allowance for obsolete or slow moving stock. Cost includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

1.10 Impairment excluding stocks

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Notes *(continued)*

1 Accounting policies *(continued)*

1.10 Impairment excluding stocks (continued)

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than stocks, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.11 Employee benefits

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Termination benefits

Termination benefits are recognised as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Company has made an offer of voluntary redundancy, it is probably that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

1.12 Turnover

Turnover represents the amounts invoiced to customers, excluding value added tax. Turnover is recognised at the point that risks and responsibilities are substantially passed from the Company to the customer.

1.13 Expenses

Operating lease payments

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease. Lease incentives received are recognised in the profit and loss account as an integral part of the total lease expense.

Interest receivable and Interest payable

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Notes *(continued)*

1 Accounting policies *(continued)*

1.14 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

2 Turnover

	2016	2015
	£000	£000
By geographical market:		
United Kingdom	**4,008**	3,531
Continental Europe	**1,386**	1,360
North America	**722**	686
Rest of the world	**70**	116
	6,186	5,693

All turnover is derived from the Company's one principal activity, the distribution and sale of purpose designed synthetic fibre for use as an additive in concrete and related materials.

3 Expenses and auditor's remuneration

Included in profit/loss are the following:

	2016	2015
	£000	£000
Depreciation of owned fixed assets	**12**	13
Operating lease rentals	**46**	47

Auditor's remuneration:

	2016	2015
	£000	£000
Audit of these financial statements	**10**	10

Disclosure of non-audit fees payable to the auditor is given in the consolidated financial statements of the ultimate parent company, copies of which can be obtained from the address given in note 1.

Notes *(continued)*

4 Staff numbers and costs

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

	Number of employees 2016	2015
Administration	3	3
Sales	13	13
Warehousing	3	2
	19	18

The aggregate payroll costs of these persons were as follows:

	2016 £000	2015 £000
Wages and salaries	701	744
Social security costs	95	91
Contributions to defined contribution plans	109	115
	905	950

5 Directors' remuneration

The directors received no remuneration for their services to the Company in either the current or prior year.

6 Other interest receivable and similar income

	2016 £000	2015 £000
Loan interest receivable	112	90
Other interest receivable	-	4
Total interest receivable and similar income	112	94

Of the above amount £112,000 *(2015: £90,000)* was payable to group undertakings.

Notes *(continued)*

7 Taxation

Recognised in the profit and loss account

	2016 £000	2015 £000
UK corporation tax		
Current tax on income for the period	**270**	113
Adjustments in respect of prior periods	**2**	1
	272	114

Reconciliation of effective tax rate

	2016 £000	2015 £000
Profit for the year	**1,338**	554
Tax using the UK corporation tax rate of 20.00% *(2015: 20.33%)*	**268**	113
Adjustments in respect of prior years	**2**	1
Other differences	**2**	-
Total tax expense	**272**	114

A 1% reduction in the main rate of UK corporation tax from 20% to 19% will take effect from 1 April 2017. A further reduction from 19% to 17% will take effect from 1 April 2020. This will reduce the Company's future tax charge accordingly.

8 Tangible fixed assets

	Plant and machinery £000	Fixtures and fittings £000	Total £000
Cost			
Balance at 1 December 2015	24	161	185
Additions	-	3	3
Balance at 30 November 2016	24	164	188
Depreciation and impairment			
Balance at 1 December 2015	19	137	156
Depreciation charge for the year	2	10	12
Balance at 30 November 2016	21	147	168
Net book value			
At 1 December 2015	5	24	29
At 30 November 2016	**3**	**17**	**20**

Notes *(continued)*

9 Stocks

	2016 £000	2015 £000
Finished goods	**523**	487

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £3,604,000 (2015: £3,630,000). The write-down of stocks to net realisable value amounted to £28,000 (2015: £16,000). The write-downs are included in cost of sales.

10 Debtors

	2016 £000	2015 £000
Trade debtors	**1,047**	906
Amounts owed by Group undertakings	**5,955**	5,197
Prepayments and accrued income	**52**	42
	7,054	6,145

11 Creditors: amounts falling due within one year

	2016 £000	2015 £000
Trade creditors	**847**	656
Amounts owed to Group undertakings	**403**	178
Taxation and social security	**73**	50
Other creditors	**8**	17
Accruals and deferred income	**243**	225
	1,574	1,126

12 Capital and reserves

Share capital

	2016 £000	2015 £000
Allotted, called up and fully paid		
1,017,051 ordinary shares of £1 each	**1,017**	1,017

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Notes *(continued)*

13 Related parties

Other related party transactions

	Sales to		Administrative expenses incurred from	
	2016	2015	**2016**	2015
	£000	£000	**£000**	£000
Ultimate parent company	**-**	-	**45**	-
Other related parties	**112**	1	**-**	-
	112	1	**45**	-

	Receivables outstanding		Creditors outstanding	
	2016	2015	**2016**	2015
	£000	£000	**£000**	£000
Ultimate parent company	**4,789**	4,090	**269**	113
Immediate parent company	**1,066**	976	**-**	-
Other related parties	**100**	131	**134**	65
	5,955	5,197	**403**	178

Other related parties represent other subsidiaries in the Low & Bonar Plc Group.

14 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2016	2015
	£000	£000
Less than one year	**123**	59
Between one and five years	**90**	69
More than five years	**-**	-
	213	128

The Company has operating leases relating to land and buildings and motor vehicles.

During the year £47,000 was recognised as an expense in the profit and loss account in respect of operating leases *(2015: £46,000)*.

15 Contingent liabilities

The Company is, from time to time, involved in disputes where either customers or the customers of customers dispute the effectiveness of the Company's products in respect of a specific project or construction solution. There are no such current disputes where the directors, after due and careful enquiry, consider the likelihood of a successful claim by a third party to be other than remote. Where such liability is considered remote, no provision is made in the financial statements.

Notes *(continued)*

16 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of Low & Bonar Plc which is the ultimate parent company and ultimate controlling party, incorporated in Great Britain and registered in Scotland. The company's immediate parent company is LCM Construction Products Limited.

The largest and smallest group in which the results of the Company are consolidated is that headed by Low & Bonar Plc, incorporated in Great Britain and registered in Scotland. The consolidated financial statements of these groups are available to the public and may be obtained from Companies House, 4th Floor, Edinburgh Quay, 139 Fountainbridge, Edinburgh, EH3 9FF.

17 Accounting estimates and judgements

The preparation of financial statements in conformity with FRS 101 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgement areas for the Company include the valuation of the Company's property, plant and equipment and the impairment provision for trade receivables.

In relation to the Company's property, plant and equipment (Note 8), useful economic lives and residual values of assets have been established using historical experience and an assessment of the nature of the assets involved.

A number of accounting estimates and judgements are incorporated within the impairment provisions for trade receivables. The Company has an established credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment terms and conditions are offered. The Company's review includes external ratings and bank references, where available. Purchase limits are established for each customer; these limits are reviewed quarterly. The Company has a long history of trading with a number of its customers.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

18 Explanation of transition to FRS 101

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 101.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 30 November 2016 and the comparative information presented in these financial statements for the year ended 30 November 2015.

In preparing its FRS 101 balance sheet, the Company has assessed the impact of the transition from the old basis of accounting (UK GAAP) and has concluded that there are no differences which have affected the Company's financial position or financial performance and cash flows.