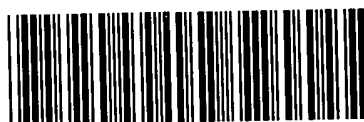


Financial Statements Naylor Industries Plc

For the Year Ended 29 February 2016

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Registered number: 2908579

Naylor Industries Plc
Registered number:2908579

Company Information

Directors	Edward Naylor David Fletcher Bridget Warner-Adsetts Ruth Moran
Company secretary	Ruth Moran
Registered number	2908579
Registered office	Clough Green Cawthorne Barnsley South Yorkshire S75 4AD
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor No 1 Whitehall Riverside Leeds West Yorkshire LS1 4BN
Bankers	HSBC Bank Plc South Yorkshire Commercial Centre 4 Europa Court Sheffield South Yorkshire S9 1XE
Solicitors	DLA Piper LLP Fountain Precinct Balm Green Sheffield S1 1RZ

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Group Strategic Report

For the Year Ended 29 February 2016

Introduction

The Naylor Group has had a year of progress, with increased revenues and improved profitability, despite considerable exceptional spend.

During the year, the parent company invested £3,389,223 in new freehold premises at Barugh Green and Wombwell. The former site now houses our Concrete division, and is substantially larger than the leasehold premises formerly occupied at Ossett, where business growth was being constrained by lack of available space. The latter site will shortly house our Head Office, Wath Specialist Plastics and injection moulding businesses, again providing much needed room for future growth.

Business review and financial and other key performance indicators

Whilst domestically, the Group had a year of good progress, trading in overseas markets proved exceptionally challenging, with the strength of sterling an impediment to international competitiveness.

	2016	2015
Turnover growth	3%	11%
Gross profit margin	30%	33%
Operating profit before Exceptional Items	£4,391,087	£2,282,133
Turnover per employee	£15,270	£160,420
Stock	£6,720,051	£5,812,374

The Group again achieved turnover growth, although the extent of this was held back by lower export sales within our Clay division and challenging market conditions faced by our Methil Plastics division.

The reduction in Gross profit margin during the year primarily reflects a high degree of engineering spend in our Clay and newly acquired Polymers divisions.

The Operating margin before Exceptionals increased from 4.9% to 9.2%, edging closer to the Directors' long-term objective of an Operating Margin of 10%. The current level of return is felt acceptable given the considerable investment which the Group is making in improving existing operations and launching new activities.

Turnover per employee has fallen year on year, reflecting an increase in average headcount of 24 during the year (316 vs 292): a number of the Group's divisions have strengthened their teams in anticipation of future growth.

Stock levels increased by 16%, reflecting the launch of new business activities - Naylor Environmental and Naylor Polymers.

Group Strategic Report (continued)

For the Year Ended 29 February 2016

Principal risks and uncertainties

The Group's operations expose it to a variety of financial risks including the effects of changes in interest rates on debt, foreign currency exchange rates, credit risk and liquidity risk.

The Group does not have material exposures in any of the areas identified above however it does enter into foreign exchange forward contracts to manage exposure to fluctuations in foreign exchange rates.

The Group's principal financial instruments comprise sterling cash and bank deposits, bank loans and overdrafts, other loans and obligations under finance leases together with trade debtors and trade creditors that arise directly from its operations.

The main risks arising from the Group's financial instruments can be analysed as follows:

Price risk

The Group has no exposure to securities price risk, as it holds no listed equity investments.

Foreign currency risk

The Group is exposed in its trading operations to the risk of changes in foreign currency exchange rates. Historically, the Group has both bought and sold goods internationally. Whilst the main foreign currency in which the Group operates continues to be the Euro, the Group's exposure to the Dollar continues as a result of the ongoing sourcing of garden pots from South East Asia. During the financial year, the Group bought forward a majority of its Dollar requirement, thereby fixing the sterling cost of most of its purchases.

Credit risk

The Group's credit risk is primarily attributable to its trade debtors. Credit risk is managed by monitoring the aggregate amount and duration of exposure to any one customer depending upon their credit rating. The Group also has credit insurance in place which covers much of the outstanding debtor balance. The amounts presented in the Statement of Financial Position are net of allowances for doubtful debts, estimated by the Group's management based on prior experience and their assessment of the current economic environment. Credit risk on liquid funds is minimised by depositing these funds with HSBC; the Group has a net liability to HSBC. The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

The Group's policy has been to ensure continuity of funding through acquiring an element of the Group's fixed assets under finance leases, and arranging funding for operations via medium-term loans and additional revolving credit facilities to aid short-term flexibility.

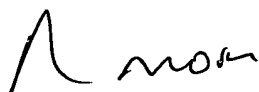
Cash flow interest rate risk

Interest bearing assets comprise cash and bank deposits, all of which earn interest at a fixed rate. The interest rate on the bank overdraft is at market rate and the Group's policy is to keep the overdraft within defined limits such that the risk that could arise from a significant change in interest rates would not have a material impact on cash flows. The Group's policy is to maintain other borrowings at fixed rates to fix the amount of future interest cash flows. The directors monitor the overall level of borrowings and interest costs to limit any adverse effects on financial performance of the Group.

This report was approved by the board on 15/7/16

and signed on its behalf.

Ruth Moran
Director



Directors' Report

For the Year Ended 29 February 2016

The directors present their report and the financial statements for the year ended 29 February 2016.

Principal activity

Naylor Industries plc is the parent company of subsidiaries primarily involved in the manufacture and sale of building materials - pipes and lintels as well as gardenware. The Group's Head Office has historically been in Cawthorne, South Yorkshire. The Group's operating subsidiaries are:

- Naylor Drainage Ltd, whose primary activity is the manufacture and sale of clay and plastic pipe systems and decorative pots, with the Specialist Plastics division offering bespoke extrusions and reprocessed polymer materials. The business is structured as five divisions on five sites: Clay Drainage (Cawthorne), Cawthorne Plastics (Cawthorne), Methil Plastics (Fife), Specialist Plastics (Tipton, Wath, Hyde) and Gardenware (Cawthorne).
- Naylor Concrete Products Ltd, whose activity is the manufacture of concrete products, primarily pre-stressed concrete lintels. This company historically operated from a leasehold site in Ossett, West Yorkshire. During the year, the company relocated its activities to a new and much larger freehold site in Barugh Green, South Yorkshire; this move was completed by the end of July 2015.

Business review

NAYLOR DRAINAGE LTD

Naylor Drainage Ltd again achieved turnover growth, with good year on year progress being made in our Gardenware, Cawthorne Plastics and Specialist Plastics divisions. However, the extent of overall growth was held back to 3% (in 2015 it was 10%) due to lower export sales within our Clay division and challenging market conditions faced by our Methil Plastics division.

Gross margins fell from 31% to 27%, reflecting the high degree of repair and maintenance spend in our Clay division- marking a move from reactive to predictive maintenance- and investment in integrating the newly acquired Polymers business (formerly Raglan) into our Specialist Plastics division.

During the year, this company launched two new activities, Naylor Environmental and Naylor Polymers, which form part of the Cawthorne Plastics and Specialist Plastics divisions respectively. Whilst these businesses have not been material to the current year's activities, it is anticipated that they will contribute towards further growth.

NAYLOR CONCRETE PRODUCTS LTD

The company had a successful year's trading, with careful planning minimising any potential detrimental impact of the relocation. Sales were maintained at the prior year's levels and the beneficial impact of initiatives to increase efficiency offset the relocation costs.

Results and dividends

The Group's profitability increased despite significant Exceptional spend of £2,300,011 (2015: £324,765) during the year. This primarily related to property and relocation costs:

- the costs associated with relocating our Concrete lintel business from Ossett to Barugh Green and
- the costs of converting our new premises at Wombwell into a building suitable for our injection moulding and Wath based Specialist Plastics businesses (formerly Amco Plastics) and Head Office function.

The profit for the year, after taxation, amounted to £1,386,070 (2015 -£1,266,964).

A £250,000 interim dividend was paid in respect of Ordinary Shares for the year ended 29 February 2016 (2015: £nil).

Directors' Report

For the Year Ended 29 February 2016

Directors

The directors who served during the year and their interests in the Group's issued share capital were:

	A Ordinary shares of £1 each		B Ordinary shares of £1 each		C Ordinary shares of £1 each	
	29/2/16	1/3/15	29/2/16	1/3/15	29/2/16	1/3/15
Edward Naylor	248,855	248,855	250,000	250,000	137,300	137,300
David Fletcher	79,520	79,520	-	-	-	-
Bridget Warner-Adsetts	79,520	79,520	-	-	-	-
Ruth Moran	-	-	-	-	-	-

Research & development

Innovation remains important to the Group, with all the Group's businesses being active in new product development. The Group continues to benefit from Research & Development grants, reflecting the high levels of R&D across all divisions. Research and development expenditure is written off during the year in which it is incurred.

Future developments

The Group has acquired new premises at Wombwell and the Head Office and Wath based Specialist Plastics division are relocating there during 2016. Much of the cost of commissioning this building has been incurred prior to 29 February 2016 and is reflected in the Exceptional administrative expenses shown in these financial statements.

Naylor Drainage Ltd intends to expand its range of plastic pipes and will be commissioning a large diameter line on its Cawthorne site towards the end of the 2017 financial year.

Post balance sheet events

On 30 April 2016, Naylor Concrete Products Ltd acquired the business of Whites Concrete from Dewsbury based flooring manufacturer Longley Concrete Ltd for a consideration of £289,000. Whites Concrete offer a range of concrete retaining wall, tank and panel products. The company is in the process of relocating the related manufacturing operations to its Barugh Green site.

Employee involvement

As a fourth generation family business and a long-standing Investor in People, Employee involvement is important to the Naylor Group. The Group CEO and COO hold a twice yearly roadshow, where all employees are updated on developments affecting the Group. Annual budgets and divisional plans are summarised and distributed around all employees. Employees are represented at an Employee Forum and an action card tracker system encourages employees to contribute improvement ideas.

Disabled employees

Our Equality Policy is at the heart of our commitment to equal opportunities for all in the Naylor Group. The rights of disabled persons and the responsibilities of the company are embedded within this policy. The needs of disabled employees, including work place modifications for example, are given priority and accommodated wherever possible. Line Managers receive training in the Equality Policy to ensure consistency and their understanding and application of the policy is reviewed in their performance appraisals.

Directors' Report

For the Year Ended 29 February 2016

Directors' responsibilities statement

The directors are responsible for preparing the Group 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group financial statements and then apply them consistently;
- make judgements and accounting 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 Group 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:


- so far as that director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Auditors

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 15/7/16

and signed on its behalf.


Ruth Moran
Director



Independent Auditor's Report to the Members of Naylor Industries Plc

We have audited the financial statements of Naylor Industries Plc for the year ended 29 February 2016, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Positions, the Consolidated Statement of Cash Flows and reconciliation of net cash flow to movement in net funds/debt and the related notes. 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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, 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 Group's and of the parent Company's affairs as at 29 February 2016 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Group 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 Naylor Industries Plc

Matters on which we are required to report by exception

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

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

Grant Thornton UK LLP

Victoria McLoughlin (Senior statutory auditor)
for and on behalf of
Grant Thornton UK LLP
Statutory Auditor
Chartered Accountants
Leeds

Date: *15 July 2016*

Consolidated Statement of Comprehensive Income

For the Year Ended 29 February 2016

	Note	2016 £	2015 £
Turnover	3	48,259,538	46,842,150
Cost of sales		(33,618,346)	(31,361,222)
Gross profit		14,641,192	15,480,928
Distribution costs		(4,792,808)	(4,770,385)
Administrative expenses		(5,457,297)	(8,428,410)
Exceptional administrative expenses		(2,300,011)	(324,765)
Operating profit	4	2,091,076	1,957,368
Interest receivable and similar income	8	100	-
Interest payable and similar charges	9	(359,261)	(367,904)
Profit before taxation		1,731,915	1,589,464
Tax on profit	10	(345,845)	(322,500)
Profit for the year		1,386,070	1,266,964
Unrealised deficit on revaluation of tangible fixed assets		(100,011)	-
Movement on deferred tax relating to revaluation		32,000	-
Other comprehensive income for the year		(68,011)	-
Total comprehensive income for the year		1,318,059	1,266,964
Owners of the parent Company		1,386,070	1,266,964

The notes on pages 17 to 45 form part of these financial statements.

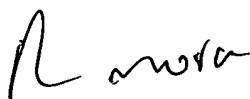
Consolidated Statement of Financial Position

As at 29 February 2016

	Note	29 February 2016 £	28 February 2015 £
Fixed assets			
Tangible assets	14	18,264,100	13,751,439
		<u>18,264,100</u>	<u>13,751,439</u>
Current assets			
Stocks	16	6,720,051	5,812,374
Debtors: amounts falling due within one year	17	11,547,681	11,087,857
Cash at bank and in hand	18	1,818,759	1,303,104
		<u>20,086,491</u>	<u>18,203,335</u>
Creditors: amounts falling due within one year	19	(18,139,404)	(14,693,468)
Net current assets		<u>1,947,087</u>	<u>3,509,867</u>
Total assets less current liabilities		<u>20,211,187</u>	<u>17,261,306</u>
Creditors: amounts falling due after more than one year	20	(6,236,697)	(4,086,019)
Provisions for liabilities			
Deferred taxation	24	(570,800)	(546,500)
Other provisions	25	(1,293,160)	(1,586,316)
		<u>(1,863,960)</u>	<u>(2,132,816)</u>
Net assets		<u>12,110,530</u>	<u>11,042,471</u>
Capital and reserves			
Called up share capital	27	5,045,195	5,045,195
Share premium account	26	501,266	501,266
Revaluation reserve	26	1,874,577	1,974,588
Capital redemption reserve	26	233	233
Retained earnings	26	4,689,259	3,521,189
Shareholders' funds		<u>12,110,530</u>	<u>11,042,471</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 15/7/16

Ruth Moran
Director



The notes on pages 17 to 45 form part of these financial statements.

Company Statement of Financial Position

As at 29 February 2016

	Note	29 February 2016 £	28 February 2015 £
Fixed assets			
Tangible assets	14	8,174,223	5,212,715
Fixed asset investments		1,058,220	1,058,220
		<u>9,232,443</u>	<u>6,270,935</u>
Current assets			
Debtors: amounts falling due after more than one year	17	-	1,673,122
Debtors: amounts falling due within one year	17	1,692,950	1,835,628
Cash at bank and in hand	18	-	171,848
		<u>1,692,950</u>	<u>3,680,598</u>
Creditors: amounts falling due within one year	19	(1,532,137)	(671,195)
Net current assets		<u>160,813</u>	<u>3,009,403</u>
Total assets less current liabilities		<u>9,393,256</u>	<u>9,280,338</u>
Creditors: amounts falling due after more than one year	20	(3,725,836)	(2,742,759)
Deferred taxation	24	(74,000)	(169,000)
		<u>(74,000)</u>	<u>(169,000)</u>
Net assets		<u><u>5,593,420</u></u>	<u><u>6,368,579</u></u>
Capital and reserves			
Called up share capital	27	5,045,195	5,045,195
Share premium account	26	501,266	501,266
Revaluation reserve	26	(398,776)	13,939
Capital redemption reserve	26	233	233
Retained earnings	26	445,502	807,946
		<u><u>5,593,420</u></u>	<u><u>6,368,579</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 15/7/16

Ruth Moran
Director

The notes on pages 17 to 45 form part of these financial statements.

Naylor Industries Plc
Registered number:2908579

Consolidated Statement of Changes in Equity

For the Year Ended 29 February 2016

	Share capital £	Share premium £	Capital redemption reserve £	Revaluation reserve £	Retained earnings £	Total equity £
At 1 March 2015	5,045,195	501,266	233	1,974,588	3,521,189	11,042,471
Comprehensive income for the year						
Profit for the year	-	-	-	-	1,386,070	1,386,070
Deferred tax movements	-	-	-	-	32,000	32,000
Deficit on revaluation of freehold property	-	-	-	(100,011)	-	(100,011)
Total comprehensive income for the year	-	-	-	(100,011)	1,418,070	1,318,059
Dividends	-	-	-	-	(250,000)	(250,000)
Total transactions with owners	-	-	-	-	(250,000)	(250,000)
At 29 February 2016	5,045,195	501,266	233	1,874,577	4,689,259	12,110,530

Naylor Industries Plc
Registered number:2908579

Consolidated Statement of Changes in Equity

For the Year Ended 28 February 2015

	Share capital	Share premium	Capital redemption reserve	Revaluation reserve	Retained earnings	Total equity
	£	£	£	£	£	£
At 1 March 2014	5,045,195	501,266	233	1,974,588	2,254,225	9,775,507
Comprehensive income for the year						
Profit for the year	-	-	-	-	1,266,964	1,266,964
Total comprehensive income for the year	-	-	-	-	1,266,964	1,266,964
Total transactions with owners	-	-	-	-	-	-
At 28 February 2015	5,045,195	501,266	233	1,974,588	3,521,189	11,042,471

The notes on pages 17 to 45 form part of these financial statements.

Company Statement of Changes in Equity

For the Year Ended 29 February 2016

	Share capital	Share premium	Capital redemption reserve	Revaluatio n reserve	Retained earnings	Total equity
	£	£	£	£	£	£
At 1 March 2015	5,045,195	501,266	233	13,939	807,946	6,368,579
Comprehensive income for the year						
Loss for the year	-	-	-	-	(525,159)	(525,159)
Total comprehensive income for the year	-	-	-	-	(525,159)	(525,159)
Contributions by and distributions to owners						
Dividends: Equity capital	-	-	-	-	(250,000)	(250,000)
Transfer to/from profit and loss account	-	-	-	(412,715)	412,715	-
Total transactions with owners	-	-	-	(412,715)	162,715	(250,000)
At 29 February 2016	5,045,195	501,266	233	(398,776)	445,502	5,593,420

Company Statement of Changes in Equity

For the Year Ended 28 February 2015

	Share capital	Share premium	Capital redemption reserve	Revaluatio n reserve	Retained earnings	Total equity
	£	£	£	£	£	£
At 1 March 2014	5,045,195	501,266	233	13,939	(317,960)	5,242,673
Comprehensive income for the year						
Profit for the year	-	-	-	-	1,125,906	1,125,906
Total comprehensive income for the year	-	-	-	-	1,125,906	1,125,906
Total transactions with owners	-	-	-	-	-	-
At 28 February 2015	5,045,195	501,266	233	13,939	807,946	6,368,579

The notes on pages 17 to 45 form part of these financial statements.

Consolidated Statement of Cash Flows

For the Year Ended 29 February 2016

	29 February 2016 £	28 February 2015 £
Cash flows from operating activities		
Profit for the financial year	1,386,070	1,266,964
Adjustments for:		
Amortisation of intangible assets	(102,363)	(40,333)
Depreciation of tangible assets	1,482,856	1,466,239
(Profit)/loss on disposal of tangible assets	(35,000)	301,011
Increase in stocks	(907,677)	(865,899)
Interest paid	359,261	367,904
Interest received	(100)	-
Taxation	345,845	322,500
Increase in debtors	(194,045)	(2,883,084)
Increase in creditors	1,467,544	1,738,933
Increase in provisions	(293,156)	731,659
Net fair value losses/gains recognised in P&L	(448,679)	158,027
Net cash generated from operating activities	3,060,556	2,563,921
Cash flows from investing activities		
Purchase of tangible fixed assets	(6,110,528)	(2,069,504)
Sale of tangible fixed assets	50,000	-
Interest received	100	-
HP interest paid	(49,899)	(68,268)
Net cash from investing activities	(6,110,327)	(2,137,772)
Cash flows from financing activities		
New secured loans	2,345,000	-
Repayment of loans	(991,080)	(1,049,595)
Government grant received	616,113	555,504
Repayment of/new finance leases	516,338	886,580
Movements on invoice discounting	1,623,355	(314,948)
Dividends paid	(250,000)	-
Interest paid	(309,362)	(299,636)
Net cash used in financing activities	3,550,364	(222,095)
Net increase / (decrease) in cash and cash equivalents	500,593	204,054
Cash and cash equivalents at beginning of year	1,303,104	1,099,050
Cash and cash equivalents at the end of year	1,803,697	1,303,104

Naylor Industries Plc
Registered number:2908579

Cash and cash equivalents at the end of year comprise:

Cash at bank and in hand	1,818,759	1,303,104
Bank overdrafts	(15,062)	-
	<u>1,803,697</u>	<u>1,303,104</u>

The notes on pages 17 to 45 form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 29 February 2016

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of freehold property and certain financial assets and liabilities held at fair value through profit or loss in accordance with Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006'.

Information on the impact of first-time adoption of FRS 102 is given in note 32.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 2).

The Company is limited by shares and registered in England.

The following principal accounting policies have been applied:

1.2 Basis of consolidation

The consolidated financial statements present the results of the Group and its own subsidiaries ("the Group") as they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 March 2014. Therefore, the Group continues to recognise a merger reserve which arose on a past business combination that was accounted for as a merger in accordance with UK GAAP as applied at that time.

Reduced disclosure exemptions - parent company only

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in these consolidated financial statements.

Notes to the Financial Statements

For the Year Ended 29 February 2016

1. Accounting policies (continued)

1.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Notes to the Financial Statements

For the Year Ended 29 February 2016

1. Accounting policies (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Freehold property	- Over 50 years
Leasehold Property	- Over the life of the lease
Plant & machinery	- 10 - 15 years
Fixtures & fittings	- 5 - 10 years
Assets under construction	- No depreciation is charged on these assets as they are not yet available for use

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within the profit or loss.

1.5 Revaluation of tangible fixed assets

In the Group, individual freehold and leasehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Statement of financial position date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in the profit or loss unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

1.6 Operating leases

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

1.7 Investment property - Company only

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the profit or loss.

Notes to the Financial Statements

For the Year Ended 29 February 2016

1. Accounting policies (continued)

1.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

1.9 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

1.10 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

1.12 Financial instruments

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Income statement.

Notes to the Financial Statements

For the Year Ended 29 February 2016

1. Accounting policies (continued)

1.12 Financial instruments (continued)

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

1.13 Creditors

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

1.14 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Income statement at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Income statement in the same period as the related expenditure.

Notes to the Financial Statements

For the Year Ended 29 February 2016

1. Accounting policies (continued)

1.15 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income statement except when deferred in other comprehensive income as qualifying cash flow hedges.

On consolidation, the results of overseas operations are translated into sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

1.16 Finance costs

Finance costs are charged to the Income statement over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

1.17 Interest income

Interest income is recognised in the Income statement using the effective interest method.

1.18 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Notes to the Financial Statements

For the Year Ended 29 February 2016

1. Accounting policies (continued)

1.19 Pensions

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payments obligations.

The contributions are recognised as an expense in the Income statement when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

1.20 Provisions for liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations might be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Income statement in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

Notes to the Financial Statements

For the Year Ended 29 February 2016

1. Accounting policies (continued)

1.21 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income statement, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future

Deferred tax is not provided on timing differences arising from revaluation of fixed assets in the financial statements.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

1.22 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

Notes to the Financial Statements

For the Year Ended 29 February 2016

2. Critical accounting judgments and estimation uncertainty

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 14 for the carrying amount of the property plant and equipment and note 1.4 for the useful economic lives for each class of assets.

Inventory provisioning

The Group manufactures concrete lintels and is subject to changing consumer demands. As a result it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials. See note 16 for the net carrying amount of the inventory and associated provision.

Impairment of debtors

The Group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 17 for the net carrying amount of the debtors and associated impairment provision.

Property valuations

The valuation of the group's property is inherently subjective. As a result the valuations the group places on its property portfolio are subject to a degree of uncertainty and are made on the basis of assumptions which may not prove to be accurate. The group mitigates this risk by the use of third party independent qualified valuers.

3. Analysis of turnover

Analysis of turnover by country of destination:

	2016 £	2015 £
United Kingdom	47,375,722	45,196,084
Rest of the world	883,816	1,646,066
	<u>48,259,538</u>	<u>46,842,150</u>

Notes to the Financial Statements

For the Year Ended 29 February 2016

4. Operating profit

The operating profit is stated after charging/(crediting):

	2016 £	2015 £
Research & development charged as an expense	18,844	227,796
Depreciation of tangible fixed assets	1,482,856	1,466,239
Operating lease rentals	174,876	230,623
Amortisation of government grants	(102,363)	(40,333)
(Profit) on disposal of fixed assets	(35,000)	(58,995)
Foreign exchange differences	217,863	173,713
Defined contribution pension payments	281,803	136,679

5. Auditor's remuneration

	2016 £	2015 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	31,500	28,550
Other services relating to taxation	9,750	9,000
All other services	6,650	3,250

6. Employees

Staff costs, including directors' remuneration, were as follows:

	2016 £	2015 £
Wages and salaries	8,855,921	7,758,951
Social security costs	699,887	648,360
Cost of defined contribution scheme	281,803	136,679
	<u>9,837,611</u>	<u>8,543,990</u>

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

	2016 No.	2015 No.
Staff	<u>317</u>	<u>292</u>

Notes to the Financial Statements

For the Year Ended 29 February 2016

7. Directors' remuneration

	2016 £	2015 £
Directors' emoluments	430,061	426,908
Company contributions to defined contribution pension schemes	12,024	11,432

During the year retirement benefits were accruing to 3 directors (2015 -3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £160,341 (2015 -£158,093).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £5,470 (2015 -£5,372).

8. Interest receivable

	2016 £	2015 £
Other interest receivable	100	-
	100	-

9. Interest payable and similar charges

	2016 £	2015 £
Bank interest payable	16,199	10,701
Bank loan interest payable	282,918	277,594
Finance leases and hire purchase contracts	49,899	68,268
Other interest payable	10,245	11,341
	359,261	367,904

Notes to the Financial Statements

For the Year Ended 29 February 2016

10. Taxation

	2016 £	2015 £
Corporation tax		
Current tax on profits for the year	290,520	-
Adjustments in respect of previous periods	(975)	-
Total current tax	<u>289,545</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	179,900	439,500
Adjustments in respect of previous periods	(123,600)	(117,000)
Total deferred tax	<u>56,300</u>	<u>322,500</u>
Taxation on profit on ordinary activities	<u>345,845</u>	<u>322,500</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2015 -lower than) the standard rate of corporation tax in the UK of 20.08% (2015 - 21%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	<u>1,669,057</u>	<u>1,589,464</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.08% (2015 -21%)	334,945	333,787
Effects of:		
Expenses not deductible for tax purposes	218,739	73,377
Adjustments to tax charge in respect of prior periods	(123,600)	(117,000)
Transitional adjustments	(52,146)	32,358
Deferred tax not recognised	(22,000)	25,000
Rate difference - Deferred tax	(10,025)	(25,022)
Rate difference - current tax year	(68)	-
Total tax charge for the year	<u>345,845</u>	<u>322,500</u>

Notes to the Financial Statements

For the Year Ended 29 February 2016

11. Dividends

	29 February 2016 £	28 February 2015 £
Dividends paid	250,000	-
	<u>250,000</u>	<u>-</u>

12. Exceptional items

	2016 £	2015 £
Fixed asset write-offs	-	324,765
Relocation costs	2,300,011	-
	<u>2,300,011</u>	<u>324,765</u>

Exceptional spend of £2,300,011 (2015: £324,765) during the year primarily related to property and relocation costs:

- the costs associated with relocating our Concrete lintel business from Ossett to Barugh Green; and
- the costs of converting our new premises at Wombwell into a building suitable for our injection moulding and Wath based Specialist Plastics businesses (formerly Amco Plastics) and Head Office function.

13. Parent Company Profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements. The loss after tax of the parent Company for the year was £525,159 (2015 -profit £1,125,906).

Notes to the Financial Statements

For the Year Ended 29 February 2016

14. Tangible fixed assets**Group**

	Freehold property £	Plant & machinery £	Fixtures & fittings £	Other fixed assets £	Total £
Cost or valuation					
At 1 March 2015	5,212,715	28,354,895	1,288,381	9,350	34,865,341
Additions	3,389,223	1,009,388	-	1,711,917	6,110,528
Disposals	(15,000)	(268,940)	-	-	(283,940)
Revaluations	(412,715)	-	-	-	(412,715)
At 29 February 2016	8,174,223	29,095,343	1,288,381	1,721,267	40,279,214
Depreciation					
At 1 March 2015	208,000	19,680,174	1,225,728	-	21,113,902
Charge owned for the period	104,704	1,357,728	20,424	-	1,482,856
Disposals	-	(268,940)	-	-	(268,940)
On revalued assets	(312,704)	-	-	-	(312,704)
At 29 February 2016	-	20,768,962	1,246,152	-	22,015,114
Net book value					
At 29 February 2016	8,174,223	8,326,381	42,229	1,721,267	18,264,100
At 28 February 2015	5,004,715	8,674,721	62,653	9,350	13,751,439

Notes to the Financial Statements

For the Year Ended 29 February 2016

14. Tangible fixed assets (continued)

The freehold land and buildings were revalued to £8,174,223 on 29 February 2016 on the basis of depreciated replacement cost. The valuations were independent and external being carried out by Sanderson Weatherall, Chartered Surveyors, in accordance with RICS appraisal and valuation standards published by the Royal Institute of Chartered Surveyors.

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	29 February 2016 £	28 February 2015 £
Group		
Cost	8,921,915	5,547,692
Accumulated depreciation	(1,492,806)	(1,381,852)
Net book value	<u>7,429,109</u>	<u>4,165,840</u>

Company

	Investment property £
Valuation	
At 1 March 2015	5,212,715
Additions	3,389,223
Disposals	(15,000)
Revaluations	(412,715)
At 29 February 2016	<u>8,174,223</u>
Net book value	
At 29 February 2016	<u>8,174,223</u>
At 28 February 2015	<u>5,212,715</u>

Notes to the Financial Statements

For the Year Ended 29 February 2016

14. Tangible fixed assets (continued)

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	29 February 2016 £	28 February 2015 £
Company		
Cost	8,921,915	5,547,692
Net book value	<u>8,921,915</u>	<u>5,547,692</u>

Notes to the Financial Statements

For the Year Ended 29 February 2016

15. Fixed asset investments

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Naylor Drainage Limited	England & Wales	Ordinary	100 %	Manufacture and sale of clay and plastic drainage systems
Naylor Concrete Products Limited	England & Wales	Ordinary	100 %	Manufacture and sale of concrete products
Naylor Plastics Limited	England & Wales	Ordinary	100 %	Non-trading
Naylor Hathernware Limited	England & Wales	Ordinary	100 %	Non-trading
Naylor Utilities & Distribution Limited	England & Wales	Ordinary	100 %	Non-trading
The Yorkshire Flower Pot Company Limited	England & Wales	Ordinary	100 %	Non-trading
Naylor Building Materials Limited	England & Wales	Ordinary	100 %	Non-trading
*Amco Plastics Holdings Limited	England & Wales	Ordinary	100 %	Non-trading
**Amco Plastics Limited	England & Wales	Ordinary	100 %	Non-trading
*ADP Surface Solutions Limited	England & Wales	Ordinary	100 %	Non-trading

* 100% subsidiary of Naylor Drainage Limited

** 100% subsidiary of AMCO Plastics Holdings Limited

Company

Investments in subsidiary companies

£

Cost and Net book value

At 29 February 2016

1,058,220

At 28 February 2015

1,058,220

Notes to the Financial Statements

For the Year Ended 29 February 2016

16. Stocks

	Group 29 February 2016 £	Group 28 February 2015 £	Company 29 February 2016 £	Company 28 February 2015 £
Raw materials and consumables	1,733,631	1,812,163	-	-
Work in progress (goods to be sold)	200,608	117,967	-	-
Finished goods and goods for resale	4,785,812	3,882,244	-	-
	<u>6,720,051</u>	<u>5,812,374</u>	<u>-</u>	<u>-</u>

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

Stock recognised in cost of sales during the year as an expense was £33,618,346 (2015: £31,361,222).

An impairment loss of £nil (2015: £nil) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

17. Debtors

	Group 29 February 2016 £	Group 28 February 2015 £	Company 29 February 2016 £	Company 28 February 2015 £
Due after more than one year				
Amounts owed by group undertakings	-	-	-	1,673,122
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,673,122</u>
Due within one year				
Trade debtors	10,083,736	9,613,460	-	-
Amounts owed by group undertakings	-	-	1,692,323	1,500,000
Other debtors	814,893	297,857	627	627
Prepayments and accrued income	390,999	1,176,540	-	335,001
Foreign exchange contracts	258,053	-	-	-
	<u>11,547,681</u>	<u>11,087,857</u>	<u>1,692,950</u>	<u>1,835,628</u>

Notes to the Financial Statements

For the Year Ended 29 February 2016

18. Cash and cash equivalents

	Group 29 February 2016 £	Group 28 February 2015 £	Company 29 February 2016 £	Company 28 February 2015 £
Cash at bank and in hand	1,818,759	1,303,104	-	171,848
Less: bank overdrafts	(15,062)	-	(15,026)	-
	<u>1,803,697</u>	<u>1,303,104</u>	<u>(15,026)</u>	<u>171,848</u>

19. Creditors: Amounts falling due within one year

	Group 29 February 2016 £	Group 28 February 2015 £	Company 29 February 2016 £	Company 28 February 2015 £
Bank overdrafts	15,062	-	15,026	-
Bank loans	1,164,896	1,049,589	783,333	633,333
Trade creditors	5,235,612	3,876,841	-	-
Government grants	84,043	111,253	-	-
Amounts owed to group undertakings	-	-	628,016	-
Corporation tax	297,052	-	-	-
Taxation and social security	622,075	585,611	-	-
Obligations under finance lease and hire purchase contracts	227,296	81,851	-	-
Proceeds of factored debts	5,422,227	3,798,872	-	-
Other creditors	106,193	102,982	16,494	123
Accruals and deferred income	4,964,948	4,895,843	89,268	37,739
Foreign exchange contracts	-	190,626	-	-
	<u>18,139,404</u>	<u>14,693,468</u>	<u>1,532,137</u>	<u>671,195</u>

The invoice discounting balance of £5,442,227 (2015 - £3,798,872) is secured on certain trade debtors and stock of the group.

There is a charge in place over Contract Monies dated 31 January 2013.

A debenture is in place which includes a Fixed Charge over all present freehold and leasehold property; a First Fixed Charge over book and other debts, chattels, goodwill and uncalled capital, both present and future; a First Floating Charge over all assets and undertakings both present and future dated 11 January 2013.

There is a Composite Company Unlimited Multilateral Guarantee given by Naylor Industries PLC, Naylor Drainage Limited and Naylor Concrete Products Limited, dated 10 January 2013.

Notes to the Financial Statements

For the Year Ended 29 February 2016

20. Creditors: Amounts falling due after more than one year

	Group 29 February 2016 £	Group 28 February 2015 £	Company 29 February 2016 £	Company 28 February 2015 £
Bank loans	3,725,836	2,487,223	3,725,836	2,105,666
Net obligations under finance leases and hire purchase contracts	1,395,183	1,024,290	-	-
Amounts owed to group undertakings	-	-	-	637,093
Government grants received	1,115,678	574,506	-	-
	<u>6,236,697</u>	<u>4,086,019</u>	<u>3,725,836</u>	<u>2,742,759</u>

21. Loans

Included within the amounts above are amounts falling due as follows:

	Group 29 February 2016 £	Group 28 February 2015 £	Company 29 February 2016 £	Company 28 February 2015 £
Within one year				
Bank loans	<u>1,164,896</u>	<u>1,049,589</u>	<u>783,333</u>	<u>633,333</u>
Between one and two years				
Bank loans	<u>3,094,120</u>	<u>1,648,223</u>	<u>3,094,120</u>	<u>1,266,666</u>
Between two and five years				
Bank loans	<u>-</u>	<u>680,690</u>	<u>-</u>	<u>680,690</u>
More than five years				
Bank loans	<u>631,716</u>	<u>158,310</u>	<u>631,716</u>	<u>158,310</u>

Notes to the Financial Statements

For the Year Ended 29 February 2016

22. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 29 February 2016 £	Group 28 February 2015 £
Within one year	227,296	81,851
Between 1-5 years	1,277,757	686,215
Over 5 years	117,425	338,075
	<u>1,622,478</u>	<u>1,106,141</u>

The amounts owed in relation to obligations under finance leases and hire purchase contracts are secured on the assets to which they relate.

23. Financial instruments

	Group 29 February 2016 £	Group 28 February 2015 £
Financial assets		
Financial assets/(liabilities) measured at fair value through profit or loss	258,053	(190,626)
Financial assets that are debt instruments measured at amortised cost	12,695,127	11,214,673
	<u>12,953,180</u>	<u>11,024,047</u>
Financial liabilities		
Financial liabilities measured at amortised cost	(20,578,609)	(16,211,341)
	<u>(20,578,609)</u>	<u>(16,211,341)</u>

Financial assets and financial liabilities measured at fair value through profit or loss comprise forward currency contracts.

Financial assets measured at amortised cost comprise cash and cash equivalents, trade and other debtors.

Financial liabilities measured at amortised cost comprise bank loans, trade and other creditors and accruals.

Notes to the Financial Statements

For the Year Ended 29 February 2016

24. Deferred taxation

Group

	Deferred tax £
At 1 March 2015	(546,500)
Charged to the profit or loss	(56,300)
Charged to other comprehensive income	32,000
At 29 February 2016	(570,800)

Company

	Deferred tax £
At 1 March 2015	(169,000)
Charged to the profit or loss	95,000
At 29 February 2016	(74,000)

	Group 29 February 2016 £	Group 28 February 2015 £	Company 29 February 2016 £	Company 28 February 2015 £
Accelerated capital allowances	(572,000)	(687,000)	-	-
Unrealised capital gains	(99,000)	42,000	(99,000)	(191,000)
Other short term timing differences	100,200	98,500	25,000	22,000
	(570,800)	(546,500)	(74,000)	(169,000)

Notes to the Financial Statements

For the Year Ended 29 February 2016

25. Provisions

Group

	Provision for quarry restoration £	Dilapidation s provision £	Total £
At 1 March 2015	432,657	1,153,659	1,586,316
Charged to the profit or loss	148,226	(430,326)	(282,100)
Utilised in year	-	(11,056)	(11,056)
At 29 February 2016	580,883	712,277	1,293,160

Provision for quarry restoration

The estimated cost of restoring the quarry sites at the end of their producing lives, is based on internal engineering estimates. Provision is made for the estimated restoration costs at the balance sheet date based on mineral extraction and remaining mineral reserves. The payment dates of expected future restoration costs are uncertain, but are currently anticipated to be between 2016 and 2042.

Dilapidations Provision

The group has made provision for anticipated withdrawal and dilapidation costs in respect of certain leasehold premises whose leases are approaching expiry.

The Company has no provisions.

26. Reserves

Share premium

This reserve records the additional amounts received from the issue of share capital.

Revaluation reserve

This reserve comprises unrealised surpluses or deficits on the revaluation of properties.

Capital redemption reserve

This reserve comprises of the redemption or purchase and cancellation of the Company's own shares.

Profit & loss account

This reserve records retained earnings and accumulated losses.

Notes to the Financial Statements

For the Year Ended 29 February 2016

27. Share capital

	29 February 2016 £	28 February 2015 £
Allotted, called up and fully paid		
407,895 A Ordinary shares of £1 each	407,895	407,895
250,000 B Ordinary shares of £1 each	250,000	250,000
137,300 C Ordinary shares of £1 each	137,300	137,300
348,970 Non voting shares of £1 each	348,970	348,970
3,901,030 Deferred shares of £1 each	3,901,030	3,901,030
	<u>5,045,195</u>	<u>5,045,195</u>

The shares rate pari passu in all respects except as noted below;

The holders of the deferred shares shall not be entitled to receive any dividend or other distribution. On a return of capital on liquidation, or otherwise, the holders of the deferred shares shall only be entitled to the repayment of the nominal amount (excluding any premium) paid up on such shares after the repayment of the capital paid up, or credited as paid up, on all other classes of shares and the payment of £1,000,000 on every other share in issue in the capital of the company.

The holders of the deferred shares shall not be entitled to receive notice of, or to attend or vote at, any general meeting of the company.

The company may at its option, at any time, redeem all of the deferred shares then in use, at a price not exceeding a penny for each holding of the deferred shares so redeemed.

Dividends

Other than the deferred shares, each of the shares shall have an equal right to dividends payable by the company.

Voting

Subject to any other provisions noted below concerning voting rights, the A ordinary shares, B ordinary shares and C ordinary shares shall each confer on each holder of such shares, the right to receive notice of and to attend, speak and vote at all general meetings of the company and each such share shall carry one vote per share.

The holder of non-voting shares shall be entitled to receive notice of and to attend and speak at any general meetings of the company, but shall not be entitled to vote unless resolutions are to be proposed at such general meeting that will vary the rights attaching to the non-voting shares, in which case the non-voting shares shall carry one vote per share. The holder of deferred shares shall not be entitled to receive notice of and to attend and speak at any general meetings of the company unless resolutions are to be proposed at such general meetings that will vary the rights attaching to the deferred shares.

The C ordinary shares, as a class, shall be entitled to such additional number of votes as shall be equivalent to 95 per cent of all the votes capable of being exercised on a poll in the event of certain circumstances set out in the articles adopted on 30 January 2008.

Notes to the Financial Statements

For the Year Ended 29 February 2016

Capital

On liquidation, or other return of capital, the surplus assets available after payment of the company's liabilities shall be distributed as follows:

First in paying to the holders of the equity shares the par value of such shares and any unpaid dividends on such shares;

Second, in distributing the balance amongst the holders of the equity shares as if the same constituted one class in proportion to the amounts paid up or credited as paid up thereon, respectively.

28. Commitments under operating leases

At 29 February 2016 the Group had future minimum lease payments under non-cancellable operating leases as follows:

	Group 29 February 2016 £	Group 28 February 2015 £
Not later than 1 year	314,280	13,734
Between 1 and 5 years	410,413	335,156

The Company had no operating lease commitments (2015: £NIL).

29. Key management personnel

The total remuneration of key management personnel is £430,061 (2015: £426,908).

30. Related party transactions

There are no transactions which fall due for disclosure under FRS 102. Under the terms of FRS 102 the Company is exempt from disclosing details of transactions and balances with wholly owned subsidiary undertakings.

31. Post balance sheet events

On 30 April 2016, Naylor Concrete Products Ltd acquired the business of Whites Concrete from Dewsbury based flooring manufacturer Longley Concrete Ltd for a consideration of £289,000. Whites Concrete offer a range of concrete retaining wall, tank and panel products. The Company is in the process of relocating the related manufacturing operations to its Barugh Green site.

32. Controlling party

By virtue of the shareholding in the company at the year end, Edward Naylor is considered to be the ultimate controlling party.

Naylor Industries Plc

Notes to the Financial Statements

For the Year Ended 29 February 2016

33. First time adoption of FRS 102

Group

		As previously stated 1 March 2014 £	Effect of transition 1 March 2014 £	FRS 102 (as restated) 1 March 2014 £	As previously stated 28 February 2015 £	Effect of transition 28 February 2015 £	FRS 102 (as restated) 28 February 2015 £
Note							
	Fixed assets	13,449,185	-	13,449,185	13,751,439	-	13,751,439
	Current assets	14,250,299	-	14,250,299	18,203,335	-	18,203,335
	Creditors: Amounts Falling Due Within One Year	1 (13,092,151)	(113,298)	(13,205,449)	(14,426,085)	(267,383)	(14,693,468)
	Net current assets	<u>1,158,148</u>	<u>(113,298)</u>	<u>1,044,850</u>	<u>3,777,250</u>	<u>(267,383)</u>	<u>3,509,867</u>
	Total assets less current liabilities	14,607,333	(113,298)	14,494,035	17,528,689	(267,383)	17,261,306
	Creditors: amounts falling due after more than one year	(4,494,527)	-	(4,494,527)	(5,672,335)	-	(5,672,335)
	Provisions for liabilities	2 (77,000)	(147,000)	(224,000)	(419,500)	(127,000)	(546,500)
	Net liabilities	<u>1 (10,035,806)</u>	<u>260,298</u>	<u>(9,775,508)</u>	<u>(11,436,854)</u>	<u>394,383</u>	<u>(11,042,471)</u>
	Capital and reserves	<u>10,035,806</u>	<u>(260,299)</u>	<u>9,775,507</u>	<u>11,436,854</u>	<u>(394,382)</u>	<u>11,042,472</u>

Notes to the Financial Statements

For the Year Ended 29 February 2016

33. First time adoption of FRS 102 (continued)

	Note	As previously stated 28 February 2015 £	Effect of transition 28 February 2015 £	FRS 102 (as restated) 28 February 2015 £
Turnover		46,842,150	-	46,842,150
Cost of sales	1	(31,421,098)	-	(31,421,098)
		15,421,052	-	15,421,052
Distribution expenses		(4,770,385)	-	(4,770,385)
Administrative expenses	1	(8,539,215)	154,084	(8,385,131)
Operating profit		2,111,452	154,084	2,265,536
Interest payable and similar charges		(367,904)	-	(367,904)
Taxation	2	(342,500)	20,000	(322,500)
Profit on ordinary activities after taxation and for the financial year		1,401,048	174,084	1,575,132

Explanation of changes to previously reported profit and equity:

1 FRS 102 requires derivative financial instruments to be recognised at fair value. Previously under UK GAAP the Group did not recognise these instruments in the financial statements. The Group enters into foreign exchange forward contracts. Accordingly at transition a liability of £32,599 was recognised and a cost of £158,027 was recognised in profit or loss for the year ended 28 February 2015. A liability of £190,626 was recognised at that date.

FRS 102 requires short term employee benefits to be charged to profit or loss as the employee service is received. This has resulted in the company recognising a liability for holiday pay of £80,700 on transition to FRS 102. Previously holiday pay accruals were not recognised and were charged to profit or loss as they were paid. In the year to 28 February 2015 a credit of £3,943 was recognised in profit or loss and the liability at 28 February 2015 was £76,757.

2 Under previous UK GAAP the Group was not required to provide for taxation on revaluations, unless the Group had entered into a binding sale agreement and recognised the gain or loss expected to arise. Under FRS 102 deferred taxation is provided on the temporary difference arising from the revaluation. A deferred tax liability of £147,000 arose on transition to FRS 102. In the year ended 28 February 2015 there was a deferred tax credit of £23,000 charged to the profit or loss account.

Naylor Industries Plc

Notes to the Financial Statements

For the Year Ended 29 February 2016

33. First time adoption of FRS 102 (continued)

Company

	As previously stated 1 March 2014	Effect of transition 1 March 2014	FRS 102 (as restated) 1 March 2014	As previously stated 28 February 2015	Effect of transition 28 February 2015	FRS 102 (as restated) 28 February 2015
Note	£	£	£	£	£	£
Fixed assets	1 6,154,220	104,000	6,258,220	6,062,935	208,000	6,270,935
Current assets	2,606,035	-	2,606,035	3,680,598	-	3,680,598
Creditors: amounts falling due within one year	(749,042)	-	(749,042)	(671,195)	-	(671,195)
Net current assets	1,856,993	-	1,856,993	3,009,403	-	3,009,403
Total assets less current liabilities	8,011,213	104,000	8,115,213	9,072,338	208,000	9,280,338
Creditors: amounts falling due after more than one year	(2,680,540)	-	(2,680,540)	(2,742,759)	-	(2,742,759)
Provisions for liabilities	1 -	(192,000)	(192,000)	-	(169,000)	(169,000)
Net assets	5,330,673	(88,000)	5,242,673	6,329,579	39,000	6,368,579
Capital and reserves	5,330,673	(88,000)	5,242,673	6,329,579	39,000	6,368,579

Notes to the Financial Statements

For the Year Ended 29 February 2016

33. First time adoption of FRS 102 (continued)

		As previously stated 28 February 2015 £	Effect of transition 28 February 2015 £	FRS 102 (as restated) 28 February 2015 £
	Note			
Administrative expenses	1	(459,044)	104,000	(355,044)
Operating profit		(459,044)	104,000	(355,044)
Income from shares in group undertakings		1,500,000	-	1,500,000
Interest payable and similar charges		(105,911)	-	(105,911)
Taxation	1	63,861	23,000	86,861
Profit on ordinary activities after taxation and for the financial year		998,906	127,000	1,125,906

Explanation of changes to previously reported profit and equity:

- 1 Under FRS 102 the freehold properties owned by the Company are classified as investment properties. The properties are now carried at fair value within the financial statements with any changes in fair value recognised in comprehensive income. No depreciation is charged on investment properties. Accordingly at transition, accumulated depreciation of £104,000 was reversed and a credit of £104,000 was recognised in the profit and loss account for the year ended 28 February 2015.

In addition, under previous UK GAAP the company was not required to provide for taxation on revaluations, unless the company had entered into a binding sale agreement and recognised the gain or loss expected to arise. Under FRS 102 deferred taxation is provided on the temporary difference arising from the revaluation. A deferred tax liability of £192,000 arose on transition to FRS 102. In the year ended 28 February 2015 there was a deferred tax credit of £23,000 charged to the profit or loss account.