Höganäs (Great Britain) Limited

Directors' report and financial statements

Registered number 927351

31 December 2016

Contents

Strategic report

Business review

The company saw a decrease in turnover during the year reflecting reduction in volumes and metal prices. The profit for the year after taxation was £2,105,000 *(2015: £884,000).*

The company net assets increased from £5,921,000 to £8,026,000.

During the year, the company continued with its capital projects to increase capacity at the site and to identify other opportunities with existing and new products and services.

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Principal risks and uncertainties

The company produces material principally for the global motor industry and as a result is dependent on the performance of that industry. The company will continue to proactively manage this risk by maintaining strong relationships with customers and managing its cost base carefully. It is supported by a strong balance sheet and support from the parent company.

A proportion of the company's cost of sales are dependent on market metal prices which is reflected in the sales price where applicable.

The vote held during 2016 by the UK to leave the EEC has also introduced new risks and uncertainties. The Directors continue to monitor developments in the negotiations and take appropriate action when things become clear.

Sales are on a global basis and so the company is exposed to currency fluctuations. These fluctuations are managed by the group's treasury function.

R Carmichael
Company Secretary

Munday Industrial Estate
58-66 Morley Road
Tonbridge
Kent
England
TN9 1RP

Date: 9th March 2017

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2016.

Principal activities

The principal activity of the company is the manufacture and sale of metal powders. There have not been any significant changes in the company's principal activities in the year under review. The directors are not aware, at the date of this report, of any likely changes in the company's activities in the next year.

Proposed dividend

The directors did not propose payment of a dividend in the year *(2015: £15,001,000)*.

Directors

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

A Allen

S M N Lang

V Rasneur

Disclosure of information to Auditors

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.

Auditors

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

By order of the board

R Carmichael
Company Secretary

Munday Industrial Estate
58-66 Morley Road
Tonbridge
Kent
England
TN9 1RP

Date: 9th March 2017

Statement of Directors' responsibilities in respect of the Strategic Report and Directors' Report and the Financial Statements

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

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

Independent Auditor's report to the members of Höganäs (Great Britain) Limited

We have audited the financial statements of Höganäs (Great Britain) Limited for the year ended 31st December 2016 set out on pages 5 to 20. 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 3, 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 31st December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance wi12th the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

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.

Julie Wheeldon

Julie Wheeldon (Senior Statutory Auditor)

For and on behalf of KPMG LLP, Statutory Auditors
Chartered Accountants
1 Forest Gate, Brighton Road, Crawley, West Sussex, RH11

10 March 2017

Profit and loss account
for the year ended 31 December 2016

	Note	2016 £000	2015 £000
Turnover	2	**13,075**	13,734
Cost of sales		**(10,088)**	(11,871)
Gross profit		**2,987**	1,863
Distribution costs		**(52)**	(48)
Administrative expenses		**(361)**	(761)
Operating profit		**2,574**	1,054
Other interest receivable and similar income		**59**	32
Profit on ordinary activities before taxation	3	**2,633**	1,086
Tax	6	**(528)**	(202)
Profit for the financial year		**2,105**	884

There are no other comprehensive income or expense than those shown above for the year, the whole of which were derived from continuing activities.

The notes on pages 8 to 20 form part of these financial statements.

Balance sheet
At 31 December 2016

	Note		2016		2015
		£000	£000	£000	£000
Fixed assets					
Intangible assets	7		-		-
Tangible assets	8		2,918		3,044
			2,918		3,044
Current assets					
Stocks	9	1,473		1,847	
Debtors	10	6,690		3,502	
Cash at bank and in hand		853		356	
		9,016		5,705	
Creditors: amounts falling due within one year	11	(3,618)		(2,501)	
Net current assets			5,398		3,204
Total assets less current liabilities			8,316		6,248
Provisions for liabilities					
Deferred tax liability	12		(226)		(263)
Other provisions	13		(64)		(64)
Net assets			8,026		5,921
Capital and reserves					
Called up share capital	15		140		140
Share premium account			4,050		4,050
Profit and loss account			3,836		1,731
Shareholder's funds			8,026		5,921

The notes on pages 8 to 20 form part of these financial statements.

These financial statements were approved by the board of directors on 9th March 2017 and were signed on its behalf by:

A C Allen
Director

Registered number 927351

Statement of Changes in Equity

	Called up Share capital £000	Share Premium account £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2015	140	4,050	15,848	20,038
Profit or loss	-	-	884	884
Dividend	-	-	(15,001)	(15,001)
Total comprehensive income for the year	-	-	(14,117)	(14,117)
Balance at 31 December 2015	**140**	**4,050**	**1,731**	**5,921**

	Called up Share capital £000	Share Premium account £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2016	140	4,050	1,731	5,921
Profit or loss	-	-	2,105	2,105
Total comprehensive income for the year	-	-	2,105	2,105
Balance at 31 December 2016	**140**	**4,050**	**3,836**	**8,026**

The notes on pages 8 to 20 form part of these financial statements.

Notes
(forming part of the financial statements)

1 Accounting policies

Höganäs (Great Britain) Limited (the "Company") is a private company limited by shares 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 (2013/14 Cycle) issued in July 2014 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.

The Company's parent undertaking, Höganäs AB, includes the Company in its consolidated financial statements. The consolidated financial statements of Höganäs AB are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Höganäs AB, S-263 83 Höganäs, Sweden.

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, tangible fixed assets and intangible 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;

As the consolidated financial statements of Höganäs Holding AB 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 18.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: financial instruments classified as fair value through the profit.

Notes *(continued)*

1 Accounting policies (continued)

1.2 Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on page 1.

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

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. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. 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 Intra-group financial instruments

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company considers these to be insurance arrangements and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

1.7 Tangible fixed assets

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

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses. Lease payments are accounted for as described below.

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:

- Leasehold improvements — over the period of the lease
- Motor vehicles — 3-4 years
- Plant and equipment — 5-17 years
- Fixtures and fittings — 3-15 years

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

1.8 Intangible assets

Other intangible assets

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation

Amortisation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- patents and trademarks — 10 years

1.9 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is based on the weighted average principle and 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.

Notes *(continued)*

1 Accounting policies (continued)

1.10 Impairment excluding stocks and deferred tax assets

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.

Non-financial assets

The carrying amounts of the Company's non-financial assets 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.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

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

Defined contribution plans

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.

1.12 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

1.13 Turnover

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding Value Added Tax and trade discounts. Turnover is recognised on despatch, except for customers where a consignment stock agreement is in place where turnover is recognised when material is used.

Notes *(continued)*

1 Accounting policies (continued)

1.14 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 payable and similar charges include interest payable and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

1.15 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.

Notes *(continued)*

2 Turnover

By geographical market

	2016	2015
	£000	£000
United Kingdom	**3,755**	3,676
Overseas	**9,320**	10,058
	13,075	13,734

Turnover is attributable to the one principal activity of the company.

3 Expenses and auditor's remuneration

Included in profit are the following:

	2016	2015
	£000	£000
Research and development expensed as incurred	**7**	5
Profit/loss on disposal of fixed assets	**26**	41
Auditor's remuneration:		
Audit of these financial statements	**16**	15

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
Manufacture and research	**16**	19
Office and management	**10**	10
	26	29

The aggregate payroll costs of these persons were as follows:

	2016	2015
	£000	£000
Wages and salaries	**873**	977
Social security costs	**89**	99
Contributions to defined contribution plans	**64**	67
	1,026	1,143

Notes *(continued)*

5 Directors remuneration

	2016	2015
	£000	£000
Directors' remuneration	**105**	104
Company contributions to money purchase pension plans	**6**	6

	Number of directors	
	2016	2015
	£000	£000
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	**1**	1

6 Taxation

Recognised in the profit and loss account

	2016	2015
	£000	£000
UK corporation tax		
Current tax on income for the period	**562**	199
Adjustments in respect of prior periods	**3**	-
Total current tax	**565**	199
Deferred tax (see note 12)		
Origination and reversal of temporary differences	**(26)**	32
Reduction in tax rate	**(11)**	(29)
Total deferred tax	**(37)**	3
Tax on profit on ordinary activities	**528**	202

Notes *(continued)*

6 *Taxation (continued)*

Reconciliation of effective tax rate

	2016	2015
	£000	£000
Profit for the year	**2,105**	884
Total tax expense	**528**	202
Profit excluding taxation	**2,633**	1,086
Tax using the UK corporation tax rate of 20.00% *(2015: 20.25%)*	**528**	220
Reduction in tax rate on deferred tax balances	**(12)**	(29)
Non-deductible expenses	**12**	11
Total tax expense	**528**	202

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. A further reduction to the UK corporation tax rate was announced in the 2016 Budget to further reduce the tax rate to 17% (to be effective from 1 April 2020).

7 Intangible assets

	Patents and trade-marks £000
Cost	
Balance at beginning and end of year	3,187
Amortisation and impairment	
Balance at beginning and end of year	3,187
Net book value	
At 1 January 2016	-
At 31 December 2016	-

Notes *(continued)*

8 Tangible fixed assets

	Land and buildings £000	Plant and equipment £000	Fixtures & fittings £000	Total £000
Cost				
Balance at 1 January 2016	876	8,065	199	9,140
Additions	265	227	7	499
Disposals	-	(105)	-	(105)
Balance at 31 December 2016	1,141	8,187	206	9,534
Depreciation and impairment				
Balance at 1 January 2016	591	5,385	120	6,096
Depreciation charge for the year	60	514	14	588
Disposals	-	(68)	-	(68)
Balance at 31 December 2016	651	5,831	134	6,616
Net book value				
At 1 January 2016	285	2,680	79	3,044
At 31 December 2016	**490**	**2,356**	**72**	**2,918**

At year end the net carrying amount of leased plant and machinery was £ Nil *(2015: £ Nil)*.

9 Stocks

	2016	2015
	£000	£000
Raw materials and consumables	**92**	103
Work in progress	**771**	1,063
Finished goods	**610**	681
	1,473	1,847

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £8,000,000 *(2015 : £9,000,000)*. The write-down of stocks to net realisable value amounted to £2,000 *(2015: £ 1,000)*. The reversal of write-downs amounted to £4,000 as discussed below *(2015: £3,000)*. The write-down and reversal are included in cost of sales. Speciality products held in stock have a long shelf life. Items that are slow moving are written down to cost value as the material can be reprocessed and used in other products.

Notes *(continued)*

10 Debtors

	2016	2015
	£000	£000
Trade debtors	**944**	1,245
Amounts owed by group undertakings	**5,605**	2,105
Prepayments and accrued income	**141**	152
	6,690	3,502

11 Creditors: amounts falling due within one year

	2016	2015
	£000	£000
Bank overdrafts	**2,357**	1,688
Trade creditors	**106**	58
Amounts owed to group undertakings	**616**	502
Other creditors	**386**	101
Accruals and deferred income	**153**	152
	3,618	2,501

During the year £24,000 was recognised as an expense in the profit and loss account in respect of interest charged for Bank overdrafts (2015: £26,000).

12 Deferred tax assets and liabilities

	Assets		Liabilities		Net	
	2016	2015	2016	2015	2016	2015
	£000	£000	£000	£000	£000	£000
Tangible fixed assets	**-**	-	**237**	274	**237**	274
Provisions	**(11)**	(11)		-	**(11)**	(11)
Net tax (assets) / liabilities	**(11)**	(11)	**237**	274	**226**	263

Notes *(continued)*

12 Deferred tax assets and liabilities *(continued)*

	1 January 2016 £000	Recognised in income £000	31 December 2016 £000
Tangible fixed assets	274	(37)	237
Provisions	(11)	-	(11)
	263	(37)	226

Movement in deferred tax during the prior year

	1 January 2015 £000	Recognised in income £000	31 December 2015 £000
Tangible fixed assets	273	1	274
Provisions	(13)	2	(11)
	260	3	263

13 Provisions

	Other provisions £000
Balance at 1 January and 31 December 2016	64

Other provisions relate to the provision for reinstatement costs of the Tonbridge site. Under the terms of the lease, the company is required to return the property to its original state.

14 Employee benefits

Defined contribution plans

The Company operates a number of defined contribution pension plans.

The total expense relating to these plans in the current year was £ 64,000 *(2015: £67,000)*

Notes *(continued)*

15 Called up share capital

	2016	2015
	£000	£000
Authorised		
Equity: 150,000 Ordinary shares of £1 each	**150**	150
Allotted, called up and fully paid		
Equity: 140,000 Ordinary shares of £1 each	**140**	140

16 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2016	2015
	£000	£000
Less than one year	**167**	187
Between one and five years	**335**	562
	502	749

The Company leases a number of warehouse and factory facilities under operating leases.

During the year £189,000 was recognised as an expense in the profit and loss account in respect of operating leases (2015: £177,000).

17 Related Parties

	Receivables outstanding 2016	2015	**Creditors outstanding 2016**	2015
	£000	£000	**£000**	£000
Parent	**4,790**	1,942	**-**	-
Other related parties	**815**	163	**616**	502
	5,605	2,105	**616**	502

18 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of Höganäs AB which is the ultimate parent company, incorporated in Sweden. The ultimate controlling party is Höganäs AB S-263 83 Höganäs, Sweden.

The largest group in which the results of the Company are consolidated is that headed by Höganäs Holding AB, incorporated in Sweden. The consolidated financial statements of these groups are available to the public and may be obtained from Höganäs AB, S-263 83 Höganäs, Sweden.

19 Accounting estimates and judgements

Recoverability of certain assets/impairment calculations
Inventory held by the company is valued using material value plus processing costs. Although products have a long shelf life, items that are considered slow moving have been revalued to the cost of materials which reflect the reprocessing capabilities. Provision for dilapidations of the leased building have been estimated based on similar repair works previously carried out and is the best estimate with current knowledge of works required.