

The Amtico Company Limited  
Annual report and financial statements  
for the year ended 31 December 2015

Registered number: 2303730



# **The Amtico Company Limited**

## **Annual report and financial statements for the year ended 31 December 2015**

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# **The Amtico Company Limited**

## **Strategic report for the year ended 31 December 2015**

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

### **Principal activities**

The principal activity of the company is the manufacture and sale of laminated floor tiles into UK and European commercial and residential markets.

### **Review of the business and future developments**

The company delivered 8% sales growth in the year through both external and inter-company sales, benefitting from increased UK production, but impacted by adverse exchange rates.

Operating profit for the year was 4% higher through the combination of increased sales and production efficiencies delivering an improved gross margin.

The directors consider that the company is in a strong position, within the Mannington Mills Inc. group, on which to deliver increased sales and manufacturing output and profit growth. This will include the launch of new product ranges and the potential of a wider customer base.

The directors have reviewed the company's financial position following the decision by British voters to exit the European Union. The company is benefitting from the weakness of sterling due to being a net exporter to Europe and ROW. The directors believe that the company is in a strong position should there be any economic slowdown.

On 1st October 2014 Mannington Mills, Inc. (the ultimate parent company) entered into new financing arrangements with Bank of America and Royal Bank of Canada. The new banking facility enabled Mannington Mills, Inc. to repay all of the existing third party debt of the company and removed all security over the assets of the company. Funding is available to support the planned future developments of the company.

# The Amtico Company Limited

## Strategic report for the year ended 31 December 2015 (continued)

### Key Performance Indicators ('KPIs')

The board monitors progress on overall company strategy by reference to several KPIs. Certain of these measures are commercially sensitive and hence are not reported here. Performance for the year to 31 December 2015 was broadly in line with management expectations.

	2015	2014	Definition and analysis
Turnover (£'000)	<b>78,129</b>	72,042	Turnover represents the invoiced value of goods supplied. Turnover for the year increased 8% due to a strong performance in the UK, intercompany sales to the US but held back by adverse exchange rates in Europe
Gross profit margin %	<b>38.7%</b>	38.0%	Gross profit margin is the ratio of gross profit to sales. The increase of 0.7% was due primarily to manufacturing efficiencies, with improved raw material prices.
Operating profit (£'000)	<b>9,616</b>	9,283	Operating profit is gross profit less operating costs and also includes other operating income. An increase of 4% was achieved reflecting the sales growth and operational efficiencies, offset by adverse exchange rates.

### Business environment and strategy

The company operates in a highly competitive environment yet its core markets all show underlying growth characteristics with the LVT market outperforming the flooring market as a whole. Within this competitive environment the company has differentiated itself from its competition through its product quality, innovation and service leadership, all key factors within its main customer segments. The company's strategy is to grow sales and profits through both existing and new markets, including new geographies, product ranges and customer groups.

### Principal risks and uncertainties

#### *Energy and raw material costs*

The company's manufacturing processes and its use of petrochemical derived raw materials creates an inherent exposure to movements in the global oil markets. The impact of short term volatility is partially mitigated by fixed price sourcing contracts for raw materials and short term contracts for energy supplies.

### Financial risks

#### *Financial risk management*

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's Finance Department. The department has policies that set out specific guidelines to manage credit risk.

# **The Amtico Company Limited**

## **Strategic report for the year ended 31 December 2015 (continued)**

### **Financial risks (continued)**

#### *Price risk*

The company has no direct exposure to equity securities price risk as it holds no listed or other equity investments. However, the company's defined benefit pension scheme invests substantial elements of its assets in equities. The fair value of scheme assets at 31 December 2015 were £58,175,000 (2014: £58,316,000). At 31 December 2015 the scheme recognised a deficit as accounted for under FRS102. The net pension scheme liabilities at 31 December 2015 were £6,865,000 (2014: £8,333,000).

#### *Credit risk*

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any significant individual counterparty is reviewed by the board, although none are considered to be individually significant to the company.

#### *Liquidity risk*

The company is supported by banking facilities held by the ultimate parent company, Mannington Mills, Inc. Following a re-financing in October 2014, Mannington Mills, Inc. has a mixture of long term debt supported by short term working capital facilities. The debt of Mannington Mills, Inc. is structured to allow for the ongoing operations and planned developments in all its subsidiaries.

#### *Funding risk*

The company relies on the finance facilities that were put in place on October 1 2014 by its ultimate parent company, Mannington Mills, Inc. These facilities have no routinely tested financial covenants or restrictions on intercompany funding. Actual performance and short and medium term forecasts (including annual budgets) are reported to Mannington Mills, Inc. Board on a regular basis to allow a balanced assessment of the Mannington Mills, Inc. group's ability to continue to meet its commitments to lenders.

#### *Foreign currency risk*

The company makes non-Sterling denominated purchases and sales which expose it to movements in non-Sterling currencies. The Mannington Mills Inc. Board has delegated the authority to the company's finance department to manage short-term currency exposure through the use of forward exchange contracts.

These contracts are valued at fair value at the balance sheet date in accordance with FRS 102 and any gain or loss is taken through administrative expenses in the profit and loss account.

#### *Interest rate risk*

Following the recent refinancing, the company has no external debt. The company is exposed to movements in LIBOR on its intercompany debt with Mannington Mills, Inc. The Board will continue to review the company's exposure to interest rate movements.

### **Environment**

The company is committed to seeking continuous improvement in such matters as the sourcing and utilisation of raw materials, the operation of manufacturing processes and the well being of our staff and the local community. The impact upon the environment of any activity entered into by the company is closely controlled as part of our commitment to the prevention of pollution. The company's internal procedures ensure that all relevant environmental legislation, regulations and other requirements are complied with.

# The Amtico Company Limited

## Strategic report for the year ended 31 December 2015 (continued)

### Employees

#### *Employment of disabled persons*

Where individuals become disabled whilst in the company's employment, every reasonable effort is made to provide opportunity for continued employment within the potential aptitude and ability of the person concerned and to provide such facilities, including any appropriate training, as may be necessary for that purpose.

In dealing with applications for employment and the training, career development and promotion of existing employees, efforts are made to ensure that a disabled individual's potential aptitude and ability are considered both without prejudice and as constructively as possible in relation to the opportunities available.

#### *Employee consultation and involvement*


The company recognises that training and free flow of communications are the key elements in involving all employees, to get the best out of them at all levels in the business and in making those improvements in performance which will advance its international competitiveness.

Frequent briefings continue to enable employees to understand more about the business and about the essential part they have to play in its success. Incentive schemes are in place to encourage involvement in the company's performance.

#### *Equal opportunities*

The company is committed to providing equal opportunities in employment regardless of sex, marital status, creed, colour, race, age, nationality or ethnic origin. This applies to recruitment, training, promotion and all other aspects of employment. Only in this way can the company deploy its personnel to best effect, for the benefit of the business and its employees alike.

By order of the board



TW Morrow  
Company Secretary  
Kingfield Road  
Coventry  
CV6 5AA

12 August 2016  
Registered number: 2303730

# **The Amtico Company Limited**

## **Directors' report for the year ended 31 December 2015**

### **Results and dividends**

The company's profit for the financial year was £9,046,000 (2014: £8,697,000). No dividends were paid during the year (2014: £nil). The directors do not recommend the payment of a dividend in respect of the year ended 31 December 2015 (2014: £nil).

### **Directors**

The directors of the company during the year and up to the date of signing the financial statements were:

J Duck  
A Elsby-Smith  
T W Morrow  
K Igo

R Grizzle  
P Southall (Appointed 05.01.15)  
D Durandt (Appointed 27.02.15)

### **Directors' indemnities**

The company maintains liability insurance for its directors and officers through the Mannington Mills Inc. group. The company has also provided an indemnity for its directors and the secretary throughout the financial year through the Mannington Mills Inc. group, which is still in force and which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006.

### **Financial risks**

The key financial risks of the company are included within the Strategic report.

### **Research and development**

The company has maintained its commitment to on-going research and development, which is essential for future growth. The company has continued to create new products and a large number of these were launched for sale during the year. Expenditure is written off in the year incurred.

### **Political contributions**

The company did not make any political donations or incur any political expenditure during the year

### **Creditor payment policy**

Suppliers are paid in accordance with agreed terms of purchase providing that the supplier is also complying with all relevant terms and conditions. Creditor days for the year were on average 50 (2014: 52).

# The Amtico Company Limited

## Directors' report for the year ended 31 December 2015 (continued)

### Statement of directors' responsibilities in respect of the Directors' report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS102 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 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 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 company will continue in business.

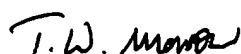
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies 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.

### Statement of disclosure of information to auditor

In the case of each of the persons who are directors at the time when the report is approved, the following applies:

- (a) so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- (b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

By order of the board



TW Morrow  
Company Secretary  
Kingfield Road  
Coventry  
CV6 5AA

12 August 2016  
Registered number: 2303730



## **Independent auditor's report to the members of The Amtico Company Limited**

We have audited the financial statements of The Amtico Company Limited for the year ended 31 December 2015 set out on pages 9 to 35. 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 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 set out on page 6, 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](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its 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**

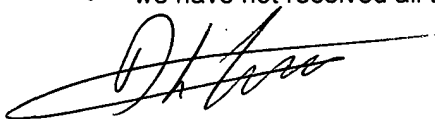
In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Independent auditor's report to the members of The Amtico Company Limited (continued)**

### **Matters on which we are required to report by exception**

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

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



Darren Turner (Senior Statutory Auditor)  
For and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
One Snowhill  
Snow Hill Queensway  
Birmingham  
B4 6GH

16 August 2016

# The Amtico Company Limited

## Profit and loss account and other comprehensive income for the year ended 31 December 2015

		2015	2014
	Note	£'000	£'000
<b>Turnover</b>	2	<b>78,129</b>	72,042
Cost of sales		<b>(47,863)</b>	(44,654)
Gross profit		<b>30,266</b>	27,388
Distribution costs		<b>(15,732)</b>	(12,476)
Administrative expenses		<b>(7,645)</b>	(8,138)
<b>Net operating costs</b>		<b>(23,377)</b>	(20,614)
Other operating income	3	<b>2,727</b>	2,509
<b>Operating profit</b>		<b>9,616</b>	9,283
Interest receivable and similar income	4	<b>1,445</b>	1,058
Interest payable and similar charges	5	<b>(603)</b>	(740)
<b>Profit on ordinary activities before taxation</b>	6	<b>10,458</b>	9,601
Tax on profit on ordinary activities	8	<b>(1,412)</b>	(904)
<b>Profit for the financial year</b>	17	<b>9,046</b>	8,697

The results shown above have been derived wholly from continuing operations.

There are no material differences between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents.

Notes on pages 12 to 35 form part of these financial statements.

## The Amtico Company Limited

### Profit and loss account and other comprehensive income (continued) for the year ended 31 December 2015

		2015	2014
	Note	£'000	£'000
Profit for the financial year		<b>9,046</b>	8,697
Actuarial gain/(loss) on retirement benefit scheme	15	<b>65</b>	(3,499)
Current tax deductions allocated to actuarial loss		-	301
Movement of deferred tax relating to pension liability	14	<b>(96)</b>	420
<b>Total comprehensive income for the year</b>		<b>9,015</b>	5,919

# The Amtico Company Limited

## Balance sheet as at 31 December 2015

		2015	2014
	Note	£'000	£'000
<b>Fixed assets</b>			
Tangible assets	9	12,270	12,778
<b>Current assets</b>			
Stocks	10	15,625	15,775
Debtors	11	50,737	43,220
Cash at bank and in hand		5,960	3,974
		<b>72,322</b>	<b>62,969</b>
<b>Creditors: amounts falling due within one year</b>	12	<b>(19,004)</b>	<b>(17,584)</b>
<b>Net current assets</b>		<b>53,318</b>	<b>45,385</b>
<b>Total assets less current liabilities</b>		<b>65,588</b>	<b>58,163</b>
Creditors: amounts falling due after more than one year		-	-
Provisions for liabilities	13	(1,580)	(1,702)
<b>Net assets excluding pension liabilities</b>		<b>64,008</b>	<b>56,461</b>
Pension scheme liabilities	15	(6,865)	(8,333)
<b>Net assets including pension liabilities</b>		<b>57,143</b>	<b>48,128</b>
<b>Capital and reserves</b>			
Called up share capital	16	2,500	2,500
Profit and loss account	17	54,643	45,628
<b>Total shareholders' funds</b>	17	<b>57,143</b>	<b>48,128</b>

The financial statements on pages 9 to 35 were approved by the board of directors on 12 August 2016 and were signed on its behalf by:

A Elsby-Smith  
Director

Registered number: 2303730

# **The Amtico Company Limited**

## **Notes to the financial statements for the year ended 31 December 2015 (continued)**

### **Notes to the financial statements for the year ended 31 December 2015**

#### **1 Principal accounting policies**

These financial statements are prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The financial statements were prepared in accordance with Financial Reporting Standard 102 applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied.

In the transition to FRS 102 from old UK GAAP, the company has made measurement and recognition adjustments. An explanation of how the transition to FRS 102 has affected financial position and financial performance of the company is provided in note 22.

The company is a wholly-owned subsidiary of Maneto (UK) 3 Limited and is included in the consolidated financial statements of Maneto (UK) 3 Ltd, which are prepared in accordance with International Reporting Standards as adopted by the EU and are publicly available. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash flow statement and related notes; and
- Key Management Personnel compensation.

The principal accounting policies are set out below and have been consistently applied throughout the year.

#### **Going concern**

The financial statements have been prepared on a going concern basis which the directors believe to be appropriate for the following reasons. During 2015, the company achieved sales growth of 8% and an increase in operating profit. As at the 31 December 2015 the company had net current assets of £53,318,000. Management has prepared forecasts that show that the company will be able to meet its liabilities over the foreseeable future and have received a letter of group support from its ultimate parent company Mannington Mills, Inc.

#### **Turnover**

Turnover, which excludes value added tax, represents the invoiced value of goods supplied in the normal course of business. Recognition of income is at the point where title passes to the customer.

#### **Tangible fixed assets and depreciation**

Tangible fixed assets are shown at historic purchase cost less accumulated depreciation, calculated from the date the asset is brought into use. Cost includes the original purchase price of the assets and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is calculated on a straight line basis so as to write off the cost of the various assets over their expected useful lives. The rates of depreciation vary between 5% and 33%.

Plant and machinery	5% to 33%
Fixtures and fittings	10% to 33%

Capital in progress is not depreciated until brought into operational use.

# **The Amtico Company Limited**

## **Notes to the financial statements for the year ended 31 December 2015 (continued)**

### **1 Principal accounting policies (continued)**

#### **Stocks**

Stocks are stated at the lower of cost and net realisable value. Cost is determined on a first in first out basis and includes transport and handling costs. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation. In the case of manufactured products, cost includes all appropriate direct and indirect expenditure and production overheads based on the normal level of activity. Provision is made for obsolete, slow-moving or defective items where appropriate.

#### **Other operating income**

Other operating income includes royalty and management service income which is credited to the profit and loss account as incurred. Management services are recharged to group companies accordingly.

#### **Foreign currency**

Transactions in foreign currencies are translated to the company's functional currency 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 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.

#### **Financial instruments**

Forward currency exchange contracts are recognised at fair value at the balance sheet date. The gain or loss on restatement to fair value is recognised in profit or loss.

#### **Research and development**

Research and development expenditure is written off in the year of expenditure.

#### **Pension costs**

Liabilities in respect of post-retirement benefit obligations are accounted for under Financial Reporting Standard 102. Details of the company's post-retirement benefit liabilities are shown within note 15.

For defined benefit schemes the amounts charged to operating profit are the gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the year until vesting occurs. The interest on liabilities and the interest on assets are shown within interest in the profit and loss account. Actuarial gains and losses are recognised immediately within other comprehensive income. The assets of the scheme are held separately from those of the company, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at 3.90%, a rate equivalent to the yield on corporate bonds. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit liability, net of the related deferred tax, is presented separately within net liabilities on the face of the balance sheet.

For defined contribution schemes, company contributions are charged to the profit and loss account as incurred.

# The Amtico Company Limited

## Notes to the financial statements for the year ended 31 December 2015 (continued)

### 1 Principal accounting policies (continued)

#### 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 on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustments to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investment in subsidiaries to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

#### Warranty

Provision is made for warranty related claims based upon management's expectation of future costs of existing claims and the estimate of future claims based on historic warranty experience.

#### Operating leases

The company has entered into operating leases as set out in note 19. Rentals under operating leases are charged to the profit and loss account on a straight-line basis over the lease term unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

#### Financial instruments

Financial instruments are held in order to manage risks within the company. The key financial instrument used by the company relates to forward contracts to manage the risk of exchange rate movements. No hedge accounting is applied on these items, with all the gains and losses being recognised within the profit and loss account as incurred.

Forward currency exchange contracts are recognised at fair value at the balance sheet date. The gain or loss on restatement to fair value is recognised in profit or loss.



# The Amtico Company Limited

## Notes to the financial statements for the year ended 31 December 2015 (continued)

### 2 Turnover

The company operates substantially one class of business.

#### By geographical market

	2015	2014
	£'000	£'000
UK	42,340	38,838
Europe	21,470	23,533
Rest of World	14,319	9,671
	78,129	72,042

### 3 Other operating income

Royalties and management services are charged to group companies for the use of know how, IT, and finance support. Royalty and management services income of £2,727,000 was accrued during the year (2014: £2,509,000) in accordance with the royalty agreement with Amtico USA LLC, and management service agreements with Amtico International GmbH, Amtico International SAS, Amtico International AB and Amtico International Hong Kong Limited.

### 4 Interest receivable and similar income

	2015	2014
	£'000	£'000
Interest on inter-company loans	1,444	1,058
Bank interest	1	-
	1,445	1,058

# The Amtico Company Limited

## Notes to the financial statements for the year ended 31 December 2015 (continued)

### 5 Interest payable and similar charges

	2015	2014
	£'000	£'000
Interest on inter-company loans	338	233
Net interest expense on net defined benefit liabilities	264	264
Bank interest	1	243
	603	740

### 6 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	2015	2014
	£'000	£'000
Depreciation on tangible fixed assets	1,544	1,650
Auditor's remuneration:		
Fees payable to the company's auditors for the audit of the company were borne by the ultimate parent undertaking in 2014	53	52
Operating lease charges:		
- Plant and Machinery	157	133
- Other	870	829
Research and development	233	258
Exchange gains	(1,016)	(352)

# The Amtico Company Limited

## Notes to the financial statements for the year ended 31 December 2015 (continued)

### 7 Staff costs

	2015	2014
	£'000	£'000
Employee costs during the year amounted to:		
Wages and salaries	15,783	15,288
Social security costs	1,640	1,574
Other pension costs (note 15)	1,810	1,614
	19,233	18,476

Included within the pension costs shown above is £1,544,000 (2014: £1,414,000) in relation to defined contribution schemes.

The monthly average number of personnel, including directors, employed during the year was:

	2015	2014
	Number	Number
Production	271	267
Selling and distribution	86	81
Administration	66	63
	423	411

#### Directors' emoluments

	2015	2014
	£'000	£'000
Aggregate emoluments	1,113	885
Company pension contributions to defined contribution schemes	85	56

# The Amtico Company Limited

## Notes to the financial statements for the year ended 31 December 2015 (continued)

### 7 Staff costs (continued)

#### Directors' emoluments (continued)

The highest paid director

	2015	2014
	£'000	£'000
Aggregate emoluments and benefits	545	499
Company pension contributions to defined contribution schemes	30	21

No retirement benefits have accrued to directors under a defined benefit scheme (2014: no directors). Retirement benefits are accruing to 4 directors (2014: 3 directors) under the company's money purchase pension scheme. 3 directors were based overseas and do not receive emoluments for their services to this company (2014: 4 directors).

### 8 Taxation

#### (a) Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	2015	2014
	£'000	£'000
Current tax		
UK Corporation tax on profit for the year	828	301
Adjustment to tax charge in respect of previous year	90	-
Total current tax	918	301
Deferred tax		
Origination and reversal of timing differences	669	489
Adjustment in respect of previous year	(175)	114
Total deferred tax	494	603
Current tax deductions allocated to actuarial loss	-	(301)
Movement on deferred tax relating to pension liability	96	(420)
<b>Total tax</b>	<b>1,508</b>	<b>183</b>

# The Amtico Company Limited

## Notes to the financial statements for the year ended 31 December 2015 (continued)

### 8 Taxation (continued)

	2015	2014
	£'000	£'000
Recognised in profit and loss account	1,412	904
Recognised in other comprehensive income	96	(721)
Recognised directly in equity	-	-
<b>Total tax</b>	<b>1,508</b>	<b>183</b>

#### (b) Reconciliation of effective tax rate

The tax assessed for the year is lower (2014: lower) than the standard rate of corporation tax in the UK of 20.25% (2014: 21.50%). The differences are explained below:

	2015	2014
	£'000	£'000
<b>Profit on ordinary activities before tax</b>	<b>10,458</b>	<b>9,601</b>
Profit on ordinary activities multiplied by the weighted average standard rate in the UK of 20.25% (2014: 21.50%)	2,118	2,064
Effects of:		
Expenses not deductible/Income not taxable for tax purposes	54	9
Amount going through statement of total recognised gains and losses	-	301
Capital allowances in excess of depreciation for the year	(10)	(12)
Adjustment to tax charge in respect of previous period	6	114
Other timing differences	15	(175)
Group relief not paid for	(771)	(1,397)
<b>Total tax charge included in profit and loss account (note 8 (a))</b>	<b>1,412</b>	<b>904</b>

# The Amtico Company Limited

## Notes to the financial statements for the year ended 31 December 2015 (continued)

### 8 Taxation (continued)

#### Factors affecting current and future tax charges

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and to 20% (effective 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. The deferred tax asset at 31 December 2015 has been calculated based on the rate of 19% (2014: 20%).

An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016. This will reduce the company's future current tax charge accordingly.

The group's policy is not to pay for group relief.

### 9 Tangible assets

	Plant and machinery	Fixtures and fittings	Total
	£'000	£'000	£'000
<b>Cost</b>			
At 1 January 2015	36,502	7,475	43,977
Additions	1,036	-	1,036
<b>At 31 December 2015</b>	<b>37,538</b>	<b>7,475</b>	<b>45,013</b>
<b>Accumulated depreciation</b>			
At 1 January 2015	24,168	7,031	31,199
Charge for the year	1,367	177	1,544
<b>At 31 December 2015</b>	<b>25,535</b>	<b>7,208</b>	<b>32,743</b>
<b>Net book value</b>			
<b>At 31 December 2015</b>	<b>12,003</b>	<b>267</b>	<b>12,270</b>
At 31 December 2014	12,334	444	12,778

# The Amtico Company Limited

## Notes to the financial statements for the year ended 31 December 2015 (continued)

### 10 Stocks

	2015	2014
	£'000	£'000
Raw materials and consumables	3,834	4,663
Work in progress	1,186	1,362
Finished goods and goods for resale	10,605	9,750
	15,625	15,775

In the opinion of the directors, there is no material difference between the replacement cost and the balance sheet value of stocks.

### 11 Debtors

	2015	2014
	£'000	£'000
<b>Amounts falling due within one year</b>		
Trade debtors	4,881	4,952
Amounts owed by group undertakings	42,809	34,217
Corporation tax	-	186
Deferred tax – note 14	1,564	2,244
Other debtors	26	13
Prepayments	1,196	1,156
Financial instruments	261	452
	50,737	43,220

Loan amounts owed by group undertakings are unsecured, bear interest at a rate of interest based on the external debt of Mannington Mills, Inc. have no fixed date of repayment and are repayable on demand.

# The Amtico Company Limited

## Notes to the financial statements for the year ended 31 December 2015 (continued)

### 12 Creditors: amounts falling due within one year

	2015	2014
	£'000	£'000
Trade creditors	6,660	6,358
Amounts owed to group undertakings	7,750	7,311
Other taxation and social security	263	461
Corporation tax	486	-
Other creditors	177	733
Accruals and deferred income	3,668	2,721
	<b>19,004</b>	<b>17,584</b>

Loan amounts owed to group undertakings are unsecured, bear interest at a rate of interest based on the external debt of Mannington Mills, Inc. have no fixed date of repayment and are repayable on demand.

### 13 Provisions for liabilities

	Warranty £'000
At 1 January 2015	1,702
Utilised during the year	(251)
Charge for the year	129
<b>At 31 December 2015</b>	<b>1,580</b>

The company has provided for warranty related claims based upon management's expectation of future costs of existing claims and the estimate of future claims. The existing provision is expected to be principally used over the next two years.



# The Amtico Company Limited

## Notes to the financial statements for the year ended 31 December 2015 (continued)

### 14 Deferred taxation

	£'000
At 1 January 2015	(2,244)
Charge for the year	680
<b>At 31 December 2015</b>	<b>(1,564)</b>

Analysis of deferred tax	Provided		Unprovided	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Excess capital allowances over depreciation	(246)	(626)	-	-
Short term timing differences	(14)	49	-	-
Deferred tax asset relating to pension liability	(1,304)	(1,667)	-	-
	<b>(1,564)</b>	<b>(2,244)</b>	<b>-</b>	<b>-</b>

It is anticipated that £258,000 of the deferred tax asset will reverse in 2016 as a result of a reduction in the excess of capital allowances over depreciation.

#### Deferred tax asset relating to pension liability

	2015	2014
	£'000	£'000
At 1 January	(1,667)	(1,427)
Deferred tax charged to profit and loss account	267	180
Deferred tax charged/(credited) to the OCI	96	(420)
<b>At 31 December</b>	<b>(1,304)</b>	<b>(1,667)</b>

Deferred taxation assets are recognised to the extent that it is regarded as more likely than not that there will be suitable taxable profits against which the deferred tax asset can be recovered in future years.

# The Amtico Company Limited

## Notes to the financial statements for the year ended 31 December 2015 (continued)

### 15 Pension commitments

The company's principal pension arrangement is The Amtico Company Limited Pension Scheme. The funded defined benefit section of the scheme was closed to new members from 1st April 2003 and closed to future accrual for existing members from 1st January 2007. A defined contribution section has been set up for members after these dates.

#### **Defined contribution schemes:**

The defined contribution section of The Amtico Company Limited Pension Scheme is a funded defined contribution arrangement, other local arrangements are made for those employees working overseas. The pension charge for these arrangements is equal to the actual contributions payable in the year. The pension charge for the year for defined contribution arrangements was £1,544,000 (2014: £1,414,000). There was £122,000 (2014: £97,000) of outstanding contributions as at the balance sheet date.

#### **Defined benefit scheme:**

The assets of The Amtico Company Limited Pension Scheme are held separately from the company in a trustee administered fund.

As the scheme was closed to new members on 1 April 2003, the average age of the membership is expected to increase over time. The projected unit method is used to calculate the current service cost. This calculates the value of the following years' pension accrual and expresses it as a percentage of pensionable pay. This percentage increases as the members of the scheme approach retirement.

Following the closure of the scheme to future accrual for existing members, the company recognises the potential increase in pension costs. The company has agreed to contribute £116,667 per month from September 2015 to May 2023. Contributions during the year amounted to £1,933,000 (2014: £1,400,000). The estimated contribution to be paid to the scheme by the company next year is £1,450,000.

The latest available formal actuarial valuation of The Amtico Company Limited Pension Scheme was carried out as at 31 March 2014 by Barnett Waddingham, an independent qualified actuary. Further to this valuation the scheme assets and liabilities have been updated as at 31 December 2014. Scheme assets are stated at their market value at 31 December 2014. The total assets of the pension scheme as at 31 March 2014 amounted to £54,238,000 and liabilities of £65,928,000. The level of funding (i.e the total of the assets expressed as a percentage of the past service liabilities) was 82% at that time.

# The Amtico Company Limited

## Notes to the financial statements for the year ended 31 December 2015 (continued)

### 15 Pension commitments (continued)

#### Defined benefit scheme (continued):

Principal actuarial assumptions at balance sheet date

	2015	2014
Rate of increase in salaries	n/a	n/a
Rate of increase in pensions in payment	3.10%	3.00%
Discount rate	3.90%	3.60%
Rate of Inflation	3.25%	3.10%

The assumed future life expectancies on retirement at age 65 are:

	2015 Years	2014 Years
Member aged 65 (current life expectancy):		
- Male	21.0	21.0
- Female	22.9	22.9
Member aged 45 (life expectancy at age 65):		
- Male	22.3	22.3
- Female	24.4	24.4

# The Amtico Company Limited

## Notes to the financial statements for the year ended 31 December 2015 (continued)

### 15 Pension commitments (continued)

Balance sheet position

	2015	2014
	£'000	£'000
Present value of scheme liabilities	(65,040)	(66,649)
Fair value of scheme assets	58,175	58,316
<b>Pension scheme liability</b>	<b>(6,865)</b>	<b>(8,333)</b>

Amounts recognised in the profit and loss account are as follows:

	2015	2014
	£'000	£'000
Current service cost	266	200
Net interest on net defined benefit liability	264	264
<b>Total profit and loss charge before tax</b>	<b>530</b>	<b>464</b>

The current service cost is included within administrative expenses and the actual profit on scheme assets and liabilities is included within interest.

# The Amtico Company Limited

## Notes to the financial statements for the year ended 31 December 2015 (continued)

### 15 Pension commitments (continued)

Reconciliation of the present value of scheme liabilities is shown below:

	2015	2014
	£'000	£'000
At 1 January	(66,649)	(59,598)
Current service cost	(266)	(200)
Interest cost	(2,370)	(2,685)
Benefits and expenses paid	1,917	1,380
Actuarial gain/(loss)	2,328	(5,546)
At 31 December	(65,040)	(66,649)

Reconciliation of the fair value of scheme assets is shown below:

	2015	2014
	£'000	£'000
At 1 January	58,316	52,844
Expected return on scheme assets	2,106	3,405
Employer contributions	1,933	1,400
Benefits and expenses paid	(1,917)	(1,380)
Actuarial (loss)/gains	(2,263)	2,047
At 31 December	58,175	58,316

# The Amtico Company Limited

## Notes to the financial statements for the year ended 31 December 2015 (continued)

### 15 Pension commitments (continued)

Other Comprehensive Income (OCI):

	2015 £'000	2014 £'000
Actuarial gain/(loss) recognised in OCI	65	(3,499)
<b>Cumulative actuarial loss recognised in OCI</b>	<b>(19,763)</b>	<b>(19,828)</b>

The major categories of assets as a percentage of total assets are as follows:

Equities	60.0%	58.9%
Bonds & Gilts	40.0%	41.1%

A history of assets, liabilities and actuarial gains and losses is shown below:

	31 December 2015 £'000	31 December 2014 £'000	31 December 2013 £'000	31 December 2012 £'000	31 March 2012 £'000
<b>Present value of scheme liabilities</b>	<b>(65,040)</b>	<b>(66,649)</b>	<b>(59,598)</b>	<b>(56,081)</b>	<b>(54,650)</b>
<b>Fair value of scheme assets</b>	<b>58,175</b>	<b>58,316</b>	<b>52,844</b>	<b>48,358</b>	<b>44,733</b>
<b>(Deficit)/surplus</b>	<b>(6,865)</b>	<b>(8,333)</b>	<b>(6,754)</b>	<b>(7,723)</b>	<b>(9,917)</b>
<b>Experience adjustments on scheme assets</b>					
Amount	(2,263)	2,047	1,388	1,469	(630)
<b>Experience adjustments on scheme liabilities</b>					
Amount	2,328	55	-	-	3,103

The value of the assets at 31 December 2015, 31 December 2014, 31 December 2013, 31 December 2012 and 31 March 2012 have been taken at bid value.

# The Amtico Company Limited

## Notes to the financial statements for the year ended 31 December 2015 (continued)

### 16 Called up share capital

	2015	2014
	£'000	£'000
<b>Allotted and fully paid</b>		
2,500,000 ordinary shares of £1 each	2,500	2,500

### 17 Statement of changes in equity

	Share capital	Profit and loss account	Total
	£'000	£'000	£'000
At 1 January 2015	2,500	45,628	48,128
Profit for the year	-	9,046	9,046
Other comprehensive income:			
Actuarial gain on pension scheme	-	65	65
Movement on deferred tax relating to actuarial gain	-	(96)	(96)
Total comprehensive income for the year	-	(31)	(31)
<b>At 31 December 2015</b>	<b>2,500</b>	<b>54,643</b>	<b>57,143</b>

# The Amtico Company Limited

## Notes to the financial statements for the year ended 31 December 2015 (continued)

### 18 Capital commitments

	2015	2014
	£'000	£'000
Contracted but not provided	162	137

### 19 Operating lease commitments

The company had annual commitments under non-cancellable operating leases as follows:

	2015		2014	
	Land and buildings	Other	Land and buildings	Other
	£'000	£'000	£'000	£'000
Operating leases expiring				
Within one year	17	586	173	580
Between one to five years	-	810	14	776
After five years	-	109	-	188
	17	1,505	187	1,544



# The Amtico Company Limited

## Notes to the financial statements for the year ended 31 December 2015 (continued)

### 20 Related party transactions

The company has taken advantage of the exemptions available under Financial Reporting Standard 102 not to disclose key management personnel compensation, and not to disclose transactions with entities that are part of the Maneto (UK) 3 Limited group or investees of the Maneto (UK) 3 Limited group.

#### Transactions with other related parties

Balances at 31 December 2015 and 31 December 2014 were as follows:

	<b>2015</b> <b>(Creditor)/</b> <b>Debtor</b> <b>£'000</b>	<b>2014</b> <b>(Creditor)/</b> <b>Debtor</b> <b>£'000</b>
Mannington Mills, Inc. (ultimate parent undertaking)	<b>(275)</b>	<b>(115)</b>
Amtico USA, LLC (Mannington Mills, Inc group company)	<b>2,269</b>	<b>1,291</b>

Amounts charged and credited to the profit and loss account for 2015 were as follows:

	<b>Product</b> <b>Sales/</b> <b>(Purchases)</b> <b>£'000</b>	<b>Recharged</b> <b>Income/</b> <b>(Expense)</b> <b>£'000</b>	<b>Royalty</b> <b>Income</b> <b>£'000</b>
Mannington Mills, Inc.	<b>(813)</b>	<b>(119)</b>	<b>-</b>
Amtico USA, LLC	<b>12,941</b>	<b>1,727</b>	<b>2,397</b>

Amounts charged and credited to the profit and loss account for 2014 were as follows:

	<b>Product</b> <b>Sales/</b> <b>(Purchases)</b> <b>£'000</b>	<b>Recharged</b> <b>Income/</b> <b>(Expense)</b> <b>£'000</b>	<b>Royalty</b> <b>Income</b> <b>£'000</b>
Mannington Mills, Inc.	<b>(500)</b>	<b>(136)</b>	<b>-</b>
Amtico USA, LLC	<b>7,608</b>	<b>1,157</b>	<b>2,266</b>

# **The Amtico Company Limited**

## **Notes to the financial statements for the year ended 31 December 2015 (continued)**

### **21 Immediate and ultimate parent undertaking and controlling party**

The company's immediate parent undertaking is Amtico Holdings Limited which owns 100% of the issued share capital of the company. The intermediate parent undertaking is Maneto (UK) 3 Limited, which is the largest UK group to consolidate these financial statements for the year.

The ultimate parent undertaking is Mannington Mills Inc., a privately owned company registered in the USA. Mr Keith Campbell is regarded as the ultimate controlling party of the company.

Copies of the Maneto (UK) 3 Limited financial statements may be obtained by writing to:

TW Morrow  
Company secretary  
Maneto (UK) 3 Limited  
Kingfield Road  
Coventry  
CV6 5AA

### **22 Explanation of transition to FRS 102 from old UK GAAP**

As stated in note 1, these are the company's first financial statements prepared in accordance with FRS 102.

In preparing its FRS 102 balance sheet, the company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to FRS 102 has affected the company's financial position and financial performance is set out in the following tables.

# The Amtico Company Limited

## Notes to the financial statements for the year ended 31 December 2015 (continued)

### 22 Explanation of transition to FRS 102 from old UK GAAP (continued)

		1 January 2014			31 December 2014		
	Note	UK GAAP £'000	Effect of transition to FRS 102 £'000	FRS 102 £'000	UK GAAP £'000	Effect of transition to FRS 102 £'000	FRS 102 £'000
<b>Fixed assets</b>							
Tangible assets		12,251	-	12,251	12,778	-	12,778
<b>Current assets</b>							
Stock		12,199	-	12,199	15,775	-	15,775
Debtors	(a) (c)	46,764	1,491	48,255	41,191	2,029	43,220
Cash at bank and in hand		1,628	-	1,628	3,974	-	3,974
		60,591	1,491	62,082	60,940	2,029	62,969
Creditors: amounts falling due within one year	(a)	(16,187)	(303)	(16,490)	(17,584)	-	(17,584)
<b>Net current assets</b>		<b>44,404</b>	<b>1,188</b>	<b>45,592</b>	<b>43,356</b>	<b>2,029</b>	<b>45,385</b>
<b>Total assets less current liabilities</b>		<b>56,655</b>	<b>1,188</b>	<b>57,843</b>	<b>56,134</b>	<b>2,029</b>	<b>58,163</b>
Creditors: amounts falling due after more than one year		(8,020)	-	(8,020)	-	-	-
Provisions for liabilities		(1,844)	-	(1,844)	(1,702)	-	(1,702)
Pension scheme liabilities	(c)	(5,327)	(1,427)	(6,754)	(6,666)	(1,667)	(8,333)
<b>Net assets</b>		<b>41,464</b>	<b>(239)</b>	<b>41,225</b>	<b>47,766</b>	<b>362</b>	<b>48,128</b>
<b>Capital and reserves</b>							
Called up share capital		2,500	-	2,500	2,500	-	2,500
Profit and loss account	(a)	38,964	(239)	38,725	45,266	362	45,628
<b>Total shareholders' funds</b>		<b>41,464</b>	<b>(239)</b>	<b>41,225</b>	<b>47,766</b>	<b>362</b>	<b>48,128</b>

# The Amtico Company Limited

## Notes to the financial statements for the year ended 31 December 2015 (continued)

### 22 Explanation of transition to FRS 102 from old UK GAAP (continued)

Reconciliation of profit for 31 December 2014

		UK GAAP	Effect of transition to FRS 102	FRS 102
	Note	£'000	£'000	£'000
<b>Turnover</b>		72,042	-	72,042
Cost of sales		(44,654)	-	(44,654)
<b>Gross profit</b>		27,388	-	27,388
Distribution costs		(12,476)	-	(12,476)
Administrative expenses	(a)	(8,893)	755	(8,138)
<b>Operating costs</b>		(21,369)	755	(20,614)
Other operating income		2,509	-	2,509
<b>Operating profit</b>		8,528	755	9,283
Interest receivable and similar income	(b)	1,778	(720)	1,058
Interest payable and similar charges	(b)	(476)	(264)	(740)
<b>Profit on ordinary activities before taxation</b>		9,830	(229)	9,601
Tax on profit on ordinary activities	(a)	(750)	(154)	(904)
<b>Profit for the financial year</b>		9,080	(383)	8,697

# **The Amtico Company Limited**

## **Notes to the financial statements for the year ended 31 December 2015 (continued)**

### **22 Explanation of transition to FRS 102 from old UK GAAP (continued)**

- a) The company uses derivatives to hedge its exposure to changes in foreign currency exchange rates arising on its foreign currency sales and purchases. Under FRS 102 the fair value of these contracts need to be recognised at the balance sheet date. The fair value of the forward foreign exchange contracts included within other debtors restated at 31 December 2014 is £452,000 (2013: other creditors £303,000). The total transitional effect is a £755,000 reduction in administrative expenses. The deferred tax provision on these contracts at 31 December 2014 is a liability of £90,000 (2013: asset £64,000).
- b) The amounts recognised in the profit and loss account in relation to the pension scheme under FRS 17, have been restated in line with FRS 102. Under the FRS 102 standard, the expected return on assets is now effectively based on the discount rate used to value the liabilities. The discount rate was 3.6%pa at 2014 which equates to £2,421,000. Under FRS 17 the long term expected rate of return on the scheme's assets net of expenses was 6.4% at 2014, equating to £3,405,000. The total transitional effect is a charge of £984,000 included in interest receivable and interest payable.
- c) Under FRS 102 the deferred tax asset on the pension scheme liabilities should be shown with other deferred tax, and not netted against the pension deficit. This presentation results in the deferred tax asset at 31 December 2014 of £1,667,000 (2013: £1,427,000) being included within debtors, with a corresponding increase in the pension scheme liabilities.