

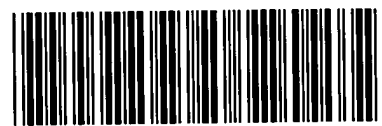
Norebo Europe Limited

Annual report and financial statements

Registered number 06435163

31 December 2017

THURSDAY



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27/09/2018
COMPANIES HOUSE

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Strategic report

Principal Activities

The principal activity of the company in the year under audit was the sale of frozen seafood products.

Business Review

The name of the company was changed from Ocean Trawlers Europe Limited to Norebo Europe Limited in 2017. The results for this year of trading and the financial position of the company are shown in these financial statements. During the year the company's turnover increased by approximately 24% to \$398m generated from the sale of frozen fish products. The increase can be attributed to an increase in volume particularly in the second half of the year, combined with an increase in average price. The company continues to expand its customer base and sales volumes mix, resulting in a strong position in a competitive market. The directors are confident that the company will maintain its position in 2018.

Key Performance Indicators

	2017	2016
Sales	\$398,064,091	\$320,195,802
Gross Profit % of Sales	3.58%	4.6%
Operating Expenses % of Sales	2.18%	2.29%
EBITDA % of Sales	2.12%	1.58%
Daily Sales outstanding	49.67	31.01
Current Ratio	1.78	1.84


Principal Risks and Uncertainties

The company's credit risk is driven by trade receivables. The company applies for credit insurance for all sales on open credit; such insurance covers 90% of the sales value. For those customers without credit insurance, goods must be paid for in advance, or sale secured by letter of credit. The company therefore feels that its credit risk is limited.

The company endeavours to a large extent to match its sales and purchase credit terms, thereby greatly reducing any liquidity risk.

The company trades in different currencies, whereby the currency risk is minimised through contractual arrangements.

By order of the board


Laurie Macmillan
Director

07/08/18

80, Moorbridge Road
Maidenhead
Berkshire
SL6 8BW

Directors' report

The directors present their directors' report and financial statements for the year ended 31 December 2017.

Proposed Dividend

The directors have proposed a final ordinary dividend \$4,987,500, equivalent to USD 21cents per share. This has not been included within creditors as it was not approved before the year end. (2016: \$nil).

Directors

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

Dennis Leslie Bray (Resigned 31 May 2018)

Stephen Derek Collyer (Resigned 8 June 2018)

The following directors were subsequently appointed in 2018:

Sturlaugur Haraldsson (Appointed 20 April 2018)

Laurie Macmillan (Appointed 01 June 2018)

Political contributions

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

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 aware, there is no relevant audit information of which the Company's auditors are unaware; and the directors have taken all the steps that they ought to have taken as directors to make sure they are aware of any relevant audit information and to establish that the Company's auditors are 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



Laurie Macmillan
Director

07/08/18

80, Moorbridge Road
Maidenhead
Berkshire
SL6 8BW

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

The directors are responsible for preparing the Strategic Report and 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 judgments 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations or have no realistic alternative but to do so.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



KPMG LLP

Arlington Business Park
Theale
Reading
RG7 4SD
United Kingdom

Independent auditor's report to the members of Norebo Europe Limited

Opinion

We have audited the financial statements of Norebo Europe Limited ("the company") for the year ended 31 December 2017 which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; 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

Under the Companies Act 2006 we are required 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

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

- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their 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; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

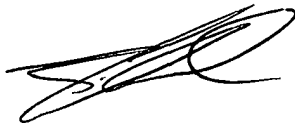
Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



James Ledward (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Arlington Business Park
Theale
Reading
RG7 4SD

Date : 7 August 2018

Profit and loss account and other comprehensive income
for the year ended 31 December 2017

	<i>Note</i>	2017 \$	2016 \$
Turnover	2	398,064,091	320,195,802
Cost of sales		(383,813,590)	(305,244,500)
		<hr/>	<hr/>
Gross profit		14,250,501	14,951,302
Administrative expenses		(8,658,804)	(7,348,326)
Other operating income		-	3,405
		<hr/>	<hr/>
Operating profit		5,591,697	7,606,381
Other interest receivable and similar income	6	3,490,672	34,024
Interest payable and similar expenses	7	(2,947,874)	(4,396,253)
		<hr/>	<hr/>
Profit before taxation		6,134,495	3,244,152
Tax on profit	8	(1,180,890)	(648,830)
		<hr/>	<hr/>
Profit for the financial year		4,953,605	2,595,322
Other comprehensive income for the year		-	-
		<hr/>	<hr/>
Total comprehensive income for the year		4,953,605	2,595,322
		<hr/> <hr/>	<hr/> <hr/>

The results of the company relate wholly to continuing activities.

The accompanying notes on pages 9 to 18 form an integral part of this profit and loss account.

Balance Sheet
At 31 December 2017

	Note	2017 \$	2017 \$	2016 \$	2016 \$
Fixed assets					
Tangible assets			60,724		44,402
Investments	9		33,730		33,730
			<u>94,454</u>		<u>78,132</u>
Current assets					
Stocks	10	56,569,919		81,342,025	
Debtors	11	54,583,444		28,923,420	
Cash at bank and in hand		23,349,211		8,402,235	
		<u>134,502,574</u>		<u>118,667,680</u>	
Creditors: amounts falling due within one year	12	<u>(75,378,474)</u>		<u>(64,480,863)</u>	
Net current assets			<u>59,124,100</u>		<u>54,186,817</u>
Total assets less current liabilities			<u>59,218,554</u>		<u>54,264,949</u>
Net assets			<u>59,218,554</u>		<u>54,264,949</u>
Capital and reserves					
Called up share capital	14		38,636,535		38,636,535
Profit and loss account			20,582,019		15,628,414
Shareholders' funds			<u>59,218,554</u>		<u>54,264,949</u>

These financial statements were approved by the board of directors on *7th August 2018* and were signed on its behalf by:

The accompanying notes on pages 9 to 18 form an integral part of this balance sheet.



Laurie Macmillan
Director

Company registered number: 6435163

Statement of Changes in Equity

	Called up share capital \$	Profit and loss account \$	Total equity \$
Balance at 1 January 2016	38,636,535	13,033,092	51,669,627
Total comprehensive income for the period			
Profit or loss	-	2,595,322	2,595,322
Balance at 31 December 2016	<u>38,636,535</u>	<u>15,628,414</u>	<u>54,264,949</u>
	Called up share capital \$	Profit and loss account \$	Total equity \$
Balance at 1 January 2017	38,636,535	15,628,414	54,264,949
Total comprehensive income for the period			
Profit or loss	-	4,953,605	4,953,605
Balance at 31 December 2017	<u>38,636,535</u>	<u>20,582,019</u>	<u>59,218,554</u>

The accompanying notes on pages 9 to 18 form an integral part of this statement of changes in equity.

Notes

(forming part of the financial statements)

1 Accounting policies

Norebo Europe Limited is a company incorporated, domiciled and registered in the UK. The registered number is 6435163 and the registered address is 80 Moorbridge Road, Maidenhead, Berkshire, SL6 8BW.

The Company is exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101"). The amendments to FRS 101 (2016/17 Cycle) issued in July 2016 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 ultimate parent undertaking, Norebo Holding, includes the Company in its consolidated financial statements. The consolidated financial statements of Norebo Holding Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from the address in note 19.

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

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital and tangible fixed assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- An additional balance sheet for the beginning of the earliest comparative period following the retrospective change in accounting policy, the correction of error, or the reclassification of items in the financial statements;
- Disclosures in respect of the compensation of Key Management Personnel;

As the consolidated financial statements of Norebo Holding 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.

Notes (continued)

1 Accounting policies (continued)

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

Accounting estimates and judgements

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 include:

Stock provision: is made in accordance with note 1.8 when relevant.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, with the working capital and group finance to replace the loan facility in March 2018. Accordingly, in preparing the annual report and accounts, a going concern basis continues to be adopted.

1.3 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 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.

Notes (continued)

1 Accounting policies (continued)

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.

Investments in debt and equity securities

Investments in subsidiaries are carried at cost less impairment.

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.

1.6 Derivative financial instruments and hedging

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

1.7 Tangible fixed assets

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

Depreciation is provided to write off the cost of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Furniture and Equipment	-	10% per annum (reducing balance)
Leasehold Improvements	-	life of the lease
Computer Equipment	-	33.3% per annum

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

1.8 Stocks

Stock is valued at the lower of cost and net realisable value. Net realisable value is based on selling price less selling costs. In practice cost is based on the first-in first-out.

1.9 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.

Notes (continued)

1 Accounting policies (continued)

1.10 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.

1.11 Turnover

Turnover represents the amounts (excluding value added tax) derived from the sale and distribution of goods sold during the year. Revenue is recognised when the risks and rewards of ownership pass to the customer.

1.12 Expenses

Operating lease payments

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease. Lease incentives received are recognised in the profit and loss account as an integral part of the total lease expense.

1.13 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.

1.14 Intra-group financial instruments

Norebo Europe became a co-guarantor to their ultimate holding company's bank in January 2017, with the year end balance being \$116,488,142. Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company considers these to be assurance 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.

Notes (continued)

2 Turnover

	2017	2016
	\$	\$
<i>By geographic market</i>		
UK	151,805,806	132,171,176
Europe	146,482,226	100,822,641
Other	99,776,059	87,201,985
	<u>398,064,091</u>	<u>320,195,802</u>

All turnover is generated through sale of goods.

3 Expenses and auditor's remuneration

Included in profit/loss are the following:

	2017	2016
	\$	\$
<i>Auditor's remuneration:</i>		
Audit of these financial statements	51,528	62,000
<i>Disclosures below based on amounts payable in respect of other services to the company and its subsidiaries</i>		
Other audit services	24,344	-
Taxation compliance services	15,275	7,494
	<u>24,344</u>	<u>7,494</u>

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	
	2017	2016
Management/Director	2	2
Number of administrative staff	16	17
	<u>18</u>	<u>19</u>

Notes (continued)

4 Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows:

	2017 \$	2016 \$
Wages and salaries	2,404,368	2,317,197
Social security costs	291,260	278,932
	<u>2,695,628</u>	<u>2,596,129</u>

5 Directors' remuneration

	2017 \$	2016 \$
Directors' remuneration	694,232	663,017
Company contributions to money purchase pension plans	33,712	78,775
	<u>727,944</u>	<u>741,792</u>

The aggregate remuneration of the highest paid director was \$508,760 (2016: \$474,397), and company pension contributions of \$7,329 (2016: \$54,240) were made to a money purchase scheme on their behalf.

6 Other interest receivable and similar income

	2017 \$	2016 \$
Bank interest income	83,348	34,024
Net exchange gains	3,407,324	-
	<u>3,490,672</u>	<u>34,024</u>

7 Interest payable and similar expenses

	2017 \$	2016 \$
Interest payable on bank borrowings	2,143,062	1,644,051
Bank and Finance charges	804,812	677,078
Net exchange losses	-	2,075,124
	<u>2,947,874</u>	<u>4,396,253</u>

Notes (continued)

8 Taxation

Recognised in the profit and loss account

	2017	2016
	\$	\$
<i>UK corporation tax</i>		
Tax on profit	<u>1,180,890</u>	<u>648,830</u>

The current tax charge for the year is equal to (2016: equal to) the average standard rate of corporation tax for the year in the UK of 19.25% (2016: 20%). The calculation below.

	2017	2016
	\$	\$
Profit on ordinary activities before tax	<u>6,134,495</u>	<u>3,244,152</u>
Current tax at average standard rate of 19.25% (2016: 20%)	<u>1,180,890</u>	<u>648,830</u>

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was 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, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

Deferred tax being the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, has not been provided, as the amount of such tax is immaterial.

9 Fixed asset investments

	Shares in subsidiary undertakings \$
At 31 December 2016	<u>33,730</u>
At 31 December 2017	<u>33,730</u>

The investments held represents 100% of the issued share capital of Norebo Germany GmbH registered at; Potsdamer Platz 10, 10785 Berlin, Germany, a company incorporated in Germany and Norebo Netherlands BV registered at; Velserkade 3, 1951NK Velsen-Noord, The Netherlands, a company incorporated in the Netherlands.

Notes (continued)

10 Stocks

	2017	2016
	\$	\$
Finished goods	56,569,919	81,342,025
	<u>56,569,919</u>	<u>81,342,025</u>

The finished goods recognised in the cost of sales in the year was \$359,363,480 (2016: \$ 284,225,356).

11 Debtors

	2017	2016
	\$	\$
Trade debtors	48,186,070	25,728,766
Amounts owed by immediate holding company	84,629	2,161
Amounts due by fellow subsidiary	203,130	-
Amounts due by subsidiary	44,934	446
Amounts owed by related parties	5,701,317	1,419,298
Other debtors	58,678	46,625
Prepayments	304,686	1,726,124
	<u>54,583,444</u>	<u>28,923,420</u>

12 Creditors: amounts falling due within one year

	2017	2016
	\$	\$
Trade creditors	3,024,132	1,580,968
Amounts due to immediate holding company	904,467	81,059
Amounts due to a fellow subsidiary	39,502,617	8,587,485
Amounts due to subsidiary	64,796	64,950
Amounts due to related parties	26,135	154,605
Taxation and social security	170,348	87,942
Corporation tax	751,051	409,713
Accruals	934,928	514,141
Bank loans	30,000,000	53,000,000
	<u>75,378,474</u>	<u>64,480,863</u>

Notes (continued)

13 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	2017 \$	2016 \$
<i>Creditors falling due within one year:</i>		
Secured bank loans	<u>30,000,000</u>	<u>53,000,000</u>

The bank loan above represents the drawdown on a revolving credit facility which attracts an annual interest rate calculated using LIBOR plus 3.15%. The bank loan is secured on the inventory and trade receivables of the business, is guaranteed by fellow group companies and was repaid in February 2018.

The banking facilities are subject to the fulfilment of covenants as are commonly found in lending arrangements with financial institutions. The company regularly monitors its compliance with these covenants.

14 Capital and reserves

	2017 \$	2016 \$
<i>Authorised</i>		
30 million Ordinary shares of £1 each	<u>48,900,000</u>	<u>48,900,000</u>
<i>Allotted, called up and fully paid</i>		
23.75 million Ordinary shares of £1 each	<u>38,636,535</u>	<u>38,636,535</u>

The holder of ordinary shares are entitled to receive dividends from time to time and are entitled to one vote per share at meetings of the company.

15 Financial Instruments

The carrying value of all material financial assets and liabilities approximate to the fair value.

16 Operating leases

	2017 Land and Buildings \$	2016 Land and Buildings \$
<i>Non-cancellable operating lease rentals are payable as follows:</i>		
Within one year	136,022	149,429
In the second to fifth years inclusive	544,087	497,511
After five years	<u>92,421</u>	<u>84,510</u>

Notes (continued)

17 Co-Guarantor

Norebo Europe became a co-guarantor to their ultimate holding company's bank in January 2017

	Guarantees	Guarantees
	2017	2016
	\$	\$
Parent and fellow subsidiary undertakings of the Company	116,488,142	

18 Related parties

During the year, the company made purchases of goods and services from associated group companies totalling \$855,653 (2016: \$31,810,126). The balance owing to these companies at the year end totalled \$26,135 (2016: \$117,645).

During the year, the company made sales of goods and services to associated group companies totalling \$29,473,639 (2016: \$25,184,889). The balance owing from these companies at the year end totalled \$5,975,182 (2016: \$1,353,269).

19 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of Closed Joint Stock Company "Norebo Holding" which is the ultimate parent company - Starostina Ul. 49k1, Murmansk 183036, Russia.

The largest group in which the results of the Company are consolidated is that headed by Closed Joint Stock Company "Norebo Holding". The smallest group in which they are consolidated is that headed by Norebo Overseas Holding Limited incorporated in Hong Kong. No other group financial statements include the results of the Company. The consolidated financial statements of these groups are available to the public and may be obtained from:

Room 1905, 19/F
Allied Kajima Building
138 Gloucester Road
Wanchai
Hong Kong

20 Subsequent event(s)

Subsequent to the balance sheet date:

A royalty settlement, to be paid by Norebo, in connection with the sale of old branded product, will be settled in the future, for an amount, including costs, expected to be less than \$400,000. At the date of approval of these financial statements the amount and timing of any settlement is unknown whilst the matter is being investigated.

Also, there is a customs duty claim against Norebo currently being assessed in Holland, related to product transferred into the United Kingdom. It is too early in the assessment process to estimate an end date, and based on assessment information received so far, the claim value is circa \$1,000,000.