

ENSOR HOLDINGS PLC
ANNUAL REPORT AND ACCOUNTS
for the year ended 31 March 2014

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Strategic Report

Operating results and future developments

Strong performances around the group were tempered by a slow pick-up in orders at Technocover, this year, which resulted in a small reduction in sales revenue of 1.4%, to £30.6m, and a reduction in operating profit to £1.8m.

Technocover's results last year, whilst hampered by the need for changes which were then implemented, were strengthened by a pre-acquisition order bank. During the current financial year, our expectation was for a more consistent run through the two years to the end of Ofwat's AMP5, asset management programme, in March 2015. However, our customers have tended to focus on fulfilling their capital spends by the end of next year, the final year of the AMP. As a result, invoiced sales reduced by around £2m, however, margins were improved by the process developments made since acquisition and overheads were further reduced by re-organisation during the current year.

There is good visibility of orders for the coming year, which will be bolstered by the delays experienced throughout the current year, but their timing will remain critical to enable their fulfilment.

Elsewhere in Building & Security Products, Ellard, OSA Door Parts and Ensor Building Products each performed well, with combined sales advancing by 10% and operating profits increased by £180,000. Each of these businesses produced year-on-year growth in every quarter, particularly in the second half of the year.

Our Packaging business, Wood's Packaging, had an excellent year, with sales growth of 24% enhancing operating profit by £159,000.

Growth has been achieved at the expense of some margin, principally due to product mix, with the result that overall group gross margin has moderated from 25.5% to 24.5%.

We ceased our rubber crumb manufacturing activity during the period, with the sale of the business and assets of SRC, in January 2014, clearing the way for the completion of the sale of the Stockport site in the first half of 2015.

Finance costs

Finance costs comprise borrowing costs and an actuarial calculation reflecting the net cost of financing the deficit in the group's defined-benefit pension scheme.

The reduction in the bank interest cost, from £192,000 to £157,000, is principally the result of cash generation. The element of that cost which relates to Technocover's legacy enhanced collar arrangement persisted as our claim for mis-selling remains unresolved.

The revised accounting standard for Employee Benefits, IAS19, increased the pension deficit funding cost by £48,000 from that which it would otherwise have been. The prior year charge has been re-presented for consistency.

Income tax

The income tax charge has reduced to an effective tax rate of 15.9%, from last year's 24.2%, as a result of the utilisation of prior year losses and over provisions, as well as a reduction in the headline rate of corporation tax to 23%.

Discontinued activity

Following the aborted sale of our subsidiary company, CMS Tools Limited, in 2012, agreement was again reached for the sale of the company to its management. The sale was completed on 14 February 2014. The company's results for the period, together with the loss on disposal, are shown on the Income Statement as a discontinued operation. Further details of the transaction are shown in note 2.

Cash flow and financial position

A net increase in cash and cash equivalents of £1,536,000 left the group in a positive cash position at the year end, with net borrowings reduced by £1,803,000. The resultant net borrowings of £223,000 equate to gearing of just 2% (2013: 23%).

Operating activities generated cash of £2,784,000, supported by a reduction in working capital.

The disposal of CMS Tools contributed £613,000 to the overall cash flow and, over the course of the year, Technocover returned £1.1m of the group's initial investment of £1.5m.

A significant investment of £721,000 was made in tangible fixed assets, predominantly in relation to the development of production capability and IT systems.

£295,000 was expended on the purchase of treasury shares at prices of between 47p and 51p per share.

The Stockport property, formerly occupied by SRC, has been re-classified as an asset held for sale at a carrying value of £496,000.

The group's net assets have increased to £9.6m (2013: £8.9m).

Key performance indicators

The objective of the group is to deliver growth in revenue and profitability, therefore increasing the return to shareholders. In order to measure the group's effectiveness in this strategy, the board considers a number of key performance indicators. In addition to the universal performance indicators of sales, gross margins, operating profit, earnings per share, cash flow and gearing referred to above, or in the Chairman's Statement, the following indicators are relevant in assessing the group's performance:-

	2014	2013
Organic revenue growth		
Percentage increase in revenue for the existing members of the group for the financial period	(1.4%)	2.1%
Net return on sales – continuing operations		
Profit after tax as a percentage of revenue, to assess the overall levels of management of profitability	4.2%	4.7%
Earnings before interest, taxation, depreciation and amortisation		
This measures the profitability of the group before external factors are taken into account	£2,397,000	£2,805,000
Percentage of receivables in excess of 60 days old		
A measure of the control of working capital	4.5%	8.2%
Pre-tax return on average net assets		
An assessment of the effectiveness of the group in utilising the investment of shareholders	16.5%	25.2%
Net assets per share		
A measure of shareholder investment	32.0p	29.5p
Share price at year end		
A representation of the value of shareholder investment	63.5p	52.0p
Increase in share price during year		
An indication of wealth generation on behalf of shareholders	22.1%	25.3%

Indicators of a more activity-specific nature are used within the group to assess the performance of subsidiary companies. These indicators are used in conjunction with the controls described in the Corporate Governance statement and relate to a wide variety of aspects of the businesses, for example, working capital measures, production yields, quality control, targets, market share information, product return rates, etc. Due to the differences in size and markets across the group's businesses it is not practicable to provide a more detailed analysis of how these indicators are applied to each of the respective activities.

Principal risks and uncertainties

The board meets regularly to discuss the management of the group, and board members meet regularly with the management of the trading subsidiaries. A significant portion of this discussion addresses the principal risks and uncertainties facing the businesses, and the ways in which these risks can be mitigated.

The following risks are considered to warrant consideration.

Financial risks

Financial risks are summarised in the table below and are discussed in more detail in note 21 to the accounts.

Risk	Description of problem	Mitigation strategy
Credit risk	The risk that receivables will not be recovered when they are due, causing financial loss.	Risk is minimised by seeking credit checks for new customers, reviewing existing receivables regularly and maintaining strong relationships with customers.
Foreign currency rate risk	The risk that foreign currency rates will change, causing purchases to be more expensive.	The group uses forward contracts to hedge against currency movements, providing certainty in dealing with overseas suppliers.
Interest rate risk	The risk that interest rates will rise, causing financial loss.	The group finances its operations using a combination of retained profits and bank loans and overdrafts. Rates are negotiated to ensure they are competitive and gearing is monitored.
Liquidity risk	The risk that companies within the group will encounter difficulty in meeting financial liabilities.	The group operates at a high level of interest cover and at low levels of net debt relative to its asset value.

Non-financial risks

Risk	Description of problem	Mitigation strategy
Risk of reduced demand or loss of business to competitors	The risk that anticipated demand for the group's products does not materialise, impacting on turnover.	Management reviews order books regularly to anticipate any such issues, and seeks to widen the customer base to avoid over-reliance on key customers. Competitor activity is monitored to ensure that our products remain attractive in comparison.
Risk of break-down of supply chain	The risk that the group cannot source the required raw materials or goods for resale, meaning that it will be unable to fulfil orders.	Stock requirements are considered as part of the detailed annual budgeting process and are monitored at regular meetings. Close relationships are maintained with key suppliers and links are forged with alternative suppliers.
Product quality risk	There is a risk that products will fall short of the standards expected in the market.	Thorough quality control procedures are in place and any customer concerns are addressed promptly and at an appropriate level within the business.
Risk of technological change.	There is a risk that competitors will gain advantage through technological advancements that leave our group companies behind.	Where it is considered beneficial, companies undertake research and development to enable them to keep abreast of changing technologies and to lead the way in product development.
Risk of health and safety breach	There is a risk that a health and safety breach will result in a claim against the group or sanctions to be taken against one of the group companies.	The group employs health and safety advisers who visit all the sites to advise on such matters and ensure compliance with best practice and legislation. Each site has an employee responsible for these matters and progress is monitored at management meetings.
Risk of loss of key personnel	There is the risk that a key member of staff will leave the group, leaving nobody able to take on that person's responsibilities.	Succession planning is always under consideration for all group companies, and information is shared between staff members to ensure that there is no over-reliance on key personnel.
Pension scheme deficit risk	The risk that pensions investments will not perform sufficiently well, or that demographic changes will increase the pension scheme liabilities, increasing the deficit and therefore reducing the net assets of the group.	Pension consultants are employed to monitor the deficit and advise on investment policies, retirement entitlement and funding requirements.

Market risk

The group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates, which are dealt with under financial risks, above.

Employee relations

The group supports the employment of disabled people wherever possible, both in recruitment and by retention of those who become disabled during their employment.

Appropriate steps are taken to inform and consult employees regarding matters affecting them and the group.

The group's policy regarding health and safety is to ensure that, as far as is reasonably practicable, there is a working environment which will minimise the risk to health and safety of employees and those persons who are authorised to be on its premises.

Environment

The group's policy with regard to the environment is to ensure that we understand and effectively manage the actual and potential environmental impact of our activities. Our operations are conducted such that we comply with all legal requirements regarding the environment in all areas where we carry out our business. During the period covered by this report the group has not incurred any fines or penalties or been investigated for any breach of environmental regulations.

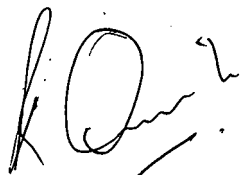
Payments to suppliers

It is group policy to agree and clearly communicate the terms of payment as part of the commercial arrangements negotiated with suppliers and then to pay according to those terms based upon the timely receipt of an accurate invoice.

The group's trade creditor days for the year ended 31 March 2014 were 55 days (2013: 54 days), calculated in accordance with the requirements set down in the Companies Act 2006. This represents the ratio, expressed in days, between the amounts invoiced to the group by its suppliers in the period and the amounts due, at the period end, to trade creditors within one year.

This report was approved by the board on 12 June 2014 and signed on its behalf.

A R Harrison
Chief Executive
12 June 2014




Report of the Directors

The directors present their report and audited financial statements for the year ended 31 March 2014.

The company is incorporated in England and Wales under the Companies Act. Details of the registered office can be found under Directors and Advisers on page 12.

Business review

A review of the business is contained within the Strategic Report.

Share capital

The Companies Act 2006 permits a company to purchase its own shares if the purchase has been authorised by the shareholders in general meeting. It is common practice for publicly traded companies to seek such authority and the directors consider it is prudent for them to do so. At the annual general meeting, shareholders will be asked to renew the company's authority to purchase its own issued ordinary shares of 10p each at a price of not less than 10p per share and not more than 5% above the average of the middle-market quotations of the London Stock Exchange for the five days before the purchase. The authority is for the purchase of a maximum of 4,622,711 shares, being approximately 15% of the issued share capital, and will expire at the earlier of the conclusion of the next annual general meeting or 18 months from the date of the resolution.

At 31 March 2014, the company held 922,098 of its own shares (2013: 322,098).

Directors

The directors who served during the period were as follows:

K A Harrison
A R Harrison
M A Chadwick
A E Coyne
C M Harrison

C M Harrison retires by rotation and offers herself for re-election.

P J Harrison was appointed as a director by the board on 7 May 2014 and will be proposed for election by the shareholders at the annual general meeting.

Directors' indemnities

Indemnity insurance is in place for all serving directors.

Directors' interests

The interests of directors and their families in the ordinary 10p shares in the company were as follows:

	At 31 March 2014		At 31 March 2013	
	Beneficial	Options	Beneficial	Options
K A Harrison	1,463,380	–	1,463,380	–
C M Harrison	3,895,794	–	3,895,794	–
A R Harrison	4,158,500	–	4,158,500	200,000
P J Harrison	4,157,500	–	4,157,500	–
M A Chadwick	196,601	–	296,601	–
A E Coyne	53,716	–	353,716	–

In addition to the beneficial interests disclosed above, 2,500,000 shares are held jointly by K A Harrison, C M Harrison, A R Harrison and P J Harrison, as trustees. There have been no changes in the above interests between 31 March 2014 and the date of this report.

Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 group and company and of the profit or loss of the group for that period. The directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

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 they have been prepared in accordance with IFRSs as adopted by the European Union, 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 requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Dividend

The directors propose to pay a final dividend of 1.0p per share in respect of the financial year ended 31 March 2014 (2013: 0.8p). Dividends of £389,000 were paid on ordinary shares during the year ended 31 March 2014 (2013: £280,000).

Dividends paid and proposed (note 9)

In respect of the year ended 31 March:	2014	2013
Interim dividend paid	0.50p	0.40p
Final dividend proposed	1.00p	0.80p
	1.50p	1.20p

Financial risk exposure and management

The exposure to financial risks and the management of these risks is discussed in the Strategic Report and in note 21 to the accounts.

Website publication

The directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Directors' statement as to disclosure of information to auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

Substantial shareholdings

The directors are aware of the following significant shareholdings:

Name	Number	Percentage
K A Harrison	1,463,380	4.9%
C M Harrison	3,895,794	13.0%
A R Harrison	4,158,500	13.9%
P J Harrison	4,157,500	13.9%
A R Harrison & P J Harrison in Trust	2,500,000	8.4%
B Morgan	1,000,000	3.3%
D Stredder	897,000	3.0%

Auditors

A resolution to reappoint BDO LLP as auditor of the company will be proposed at the annual general meeting.

This report was approved by the board on 12 June 2014 and signed on its behalf.

M A Chadwick

Secretary
12 June 2014



Corporate Governance

Application of the principles of good governance

Although, as an AIM listed company, the company is not required to comply with the provisions of the UK Corporate Governance Code, and this is not a statement of compliance as required by the code, the board of directors recognises the importance of, and is committed to, ensuring that effective corporate governance procedures relevant to smaller listed companies are in place.

The board

The group is managed by a board, consisting of the chairman, two executive members and three non-executive members, who retain responsibility for the formulation of corporate strategy, approval of acquisitions, divestments and major capital expenditure and treasury policy. The appointment of new directors is a matter reserved for the board as a whole rather than for a separate nomination committee.

The board meets regularly and has a schedule of matters specifically referred to it for decision. All directors have access to advice from the company secretary and training is available for directors as necessary.

The board considers A E Coyne to be independent.

Internal control

The directors have overall responsibility for ensuring that the group maintains a system of internal control to provide them with reasonable assurance regarding effective and efficient operations, internal financial control and compliance with laws and regulations. The risk management process and systems of internal control are designed to manage rather than eliminate the risk of failure to achieve the group's strategic objectives. However, there are inherent limitations in any system of internal control and accordingly even the most effective system can only provide reasonable and not absolute assurance. The board has reviewed the operation and effectiveness of the system of internal control in operation during the year.

Individual companies are managed locally, supported by the Chief Executive and the board, with responsibility for the operation of the business to meet standards required by both the group and appropriate regulatory authorities. In addition, annual plans and longer-term overviews of objectives are prepared by each business management team and reviewed at minuted meetings by at least one executive director.

Individual business management is also responsible for reporting to the board on the assessment and minimising of all business risks, supported by group personnel able to provide specific assistance in matters relating to health and safety, environment, quality systems and insurance cover for property and liability risks.

Monthly accounts, with commentary on current year performance compared with historical and planned performance, together with key ratio analysis and working capital information, are prepared in accordance with group accounting policies and principles. They are consolidated and reviewed at the company and, in summary, by the board, to monitor overall performance and intervene as appropriate.

The company monitors the funding requirements of, and the banking facilities provided to, individual operations, in addition to the management of investment and treasury procedures. Capital and significant investment expenditure is approved against performance criteria through a structure of authority limits.

The board has considered the need for an internal audit function but has concluded that the size and complexity of the group does not justify the expense at present. The need for an internal audit function will continue to be reviewed periodically.

Relations with shareholders

The board attaches great importance to maintaining good relationships with shareholders. The board regards the annual general meeting as an opportunity to communicate directly with investors, who are encouraged to participate.

Report on remuneration

The remuneration committee comprises the non-executive directors with the chairman attending, as appropriate, to advise. The directors do not influence their own remuneration.

The committee periodically reviews the directors' remuneration packages to ensure that the company can attract, motivate and retain directors of the necessary calibre and to reward them appropriately.

K A Harrison has a contract of employment which is determinable on two years' notice by the company.

Details of directors' remuneration and share options are given in note 5 to the financial statements.

Executive director packages comprise a basic salary, bonus scheme, share options and other benefits. The committee has regard to rates of pay for similar positions in comparable companies as well as internal factors such as performance.

The remuneration of non-executive directors is determined by the board.

Nominations committee

The group has not appointed a nominations committee despite the recommendation in the UK Corporate Governance Code. The board has concluded that given the size of the group this function can be effectively carried out by the whole board.

Going concern

The directors report that after making enquiries they have a reasonable expectation that the company and the group have adequate resources to continue in operational existence. For this reason they continue to adopt the going concern basis in preparing the financial statements. More detail is given in the accounting policies disclosure.

Directors and Advisers

K A Harrison, TD Chairman (born July 1930)

Kenneth Harrison has been a director and Chairman of the company since 1993. He has an engineering background. In 1971 he started a new venture in the industrial door market which by 1986 had developed into a significant sized group with interests in industrial doors, metal foundries, architectural ironmongery and electrical operators and was admitted in July 1986 to the Official List under the name Harrison Industries plc. In 1993 he left Harrison Industries and joined Ensor Holdings PLC as Chairman and Chief Executive, resigning the position of Chief Executive on the appointment of A E Coyne in 2000.

A R Harrison, Chief Executive (born February 1955)

Roger Harrison has extensive experience in the manufacture and supply of industrial door products. He joined the group as a director of what is now one of the major subsidiary companies, OSA Door Parts Limited, at its inception in 2001. He was appointed as a non-executive director of the company on 2 February 2006 and as Chief Executive on 24 February 2009.

M A Chadwick, BSc, ACA Finance Director (born November 1962)

Marcus Chadwick qualified as a chartered accountant in 1989. He trained with Robson Rhodes Chartered Accountants between 1985 and 1989 when he joined Harrison Industries plc as Group Accountant. He subsequently became Divisional Finance Director and left in 1993 to join Ensor Holdings and was appointed Finance Director in 1995.

A E Coyne, Non-executive Director (born March 1947)

Tony Coyne began his career with British Steel and then Amaze Ltd as an engineer, developing into sales and management. He worked in the USA for Universal Oil Products and moved back to the UK as a sales and engineering manager. After working as a project engineer and project manager with Capper Neil International he then joined Harrison Industries as General Manager. He was promoted to Divisional Director and then Main Board Director. He joined Ensor Holdings and was appointed Chief Executive on 11 February 2000, retiring from this position on 31 March 2007 to become a non-executive director. He is now Deputy Chairman.

C M Harrison, Non-executive Director (born May 1932)

Christine Harrison has been involved for many years with the NHS and the Fire Service in government appointed roles, dealing with finance and large scale building projects. She is a significant shareholder in Ensor Holdings PLC and was appointed as a non-executive director of the company on 12 September 2008.

P J Harrison, Non-executive Director (born December 1960)

Peter Harrison qualified as a barrister in 1983 and practises with St Johns Buildings Chambers. He is a significant shareholder in Ensor Holdings PLC and was appointed as a non-executive director of the company on 7 May 2014.

Registered Office and Executive Office

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Registrars
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Suite E, First Floor
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Farnham, Surrey
GU9 7LL



Independent Auditor's Report

to the Members of Ensor Holdings PLC

We have audited the financial statements of Ensor Holdings PLC for the year ended 31 March 2014 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement, the Company Balance Sheet, the Company Statement of Total Recognised Gains and Losses, the Company Note of Historical Cost Profits and Losses and the related notes. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 auditors

As explained more fully in the statement of directors' responsibilities, 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 Financial Reporting Council's ("FRC'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 FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion:

- ▷ the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2014 and of the group's profit for the year then ended;
- ▷ the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- ▷ the parent company's financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ▷ the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and the report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

BDO LLP

Timothy Entwistle
(senior statutory auditor)

For and on behalf of BDO LLP, statutory auditor
Manchester
United Kingdom
12 June 2014

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated Income Statement

for the year ended 31 March 2014

	Note	2014 £'000	Re-presented 2013 £'000
Continuing operations			
Revenue	1	30,558	31,001
Cost of sales		(23,081)	(23,090)
Gross profit		7,477	7,911
Administrative expenses		(5,650)	(5,634)
Operating profit	1 & 3	1,827	2,277
Finance costs	6	(301)	(373)
Profit before tax		1,526	1,904
Income tax expense	7	(242)	(440)
Profit for the year on continuing operations		1,284	1,464
Discontinued operation	2 & 3	(182)	134
Profit for the year attributable to equity shareholders of the parent company		1,102	1,598
Earnings per share – basic and diluted			
Continuing operations		4.3p	4.8p
Discontinued operation		(0.6p)	0.4p
		3.7p	5.2p

Consolidated Statement of Comprehensive Income

for the year ended 31 March 2014

	Note	2014 £'000	Re-presented 2013 £'000
Profit for the year		1,102	1,598
Actuarial gain/(loss)	15	305	(358)
Income tax relating to components of other comprehensive income	18	(115)	20
Total of other comprehensive income for the year		190	(338)
Total comprehensive income attributable to equity shareholders of the parent company		1,292	1,260

The notes on pages 23 to 40 form part of these financial statements.



Consolidated Statement of Financial Position

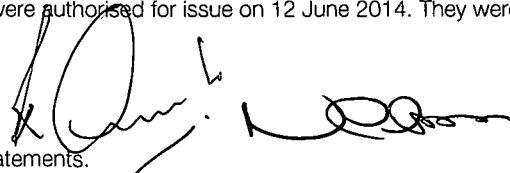
at 31 March 2014

	Note	2014 £'000	2013 £'000
ASSETS			
Non-current assets			
Property, plant & equipment	10	6,413	6,901
Intangible assets	11	2,704	3,087
Deferred tax asset	18	475	632
Total non-current assets		9,592	10,620
Current assets			
Assets held for sale	12	496	–
Inventories	13	2,646	3,109
Trade and other receivables	14	6,515	8,001
Cash and cash equivalents		585	298
Total current assets		10,242	11,408
Total assets		19,834	22,028
LIABILITIES			
Non-current liabilities			
Retirement benefit obligations	15	(2,264)	(2,749)
Borrowings	16	(533)	(810)
Other creditors	17	(986)	(974)
Deferred tax	18	(73)	(100)
Total non-current liabilities		(3,856)	(4,633)
Current liabilities			
Borrowings	16	(275)	(1,514)
Current income tax liabilities		(378)	(312)
Trade and other payables	20	(5,729)	(6,631)
Total current liabilities		(6,382)	(8,457)
Total liabilities		(10,238)	(13,090)
NET ASSETS		9,596	8,938
EQUITY			
Share capital	23	3,082	3,062
Share premium		552	522
Revaluation reserve		140	140
Retained earnings		5,822	5,214
Total equity attributable to equity shareholders of the parent company		9,596	8,938

Financials

The financial statements were approved by the board and were authorised for issue on 12 June 2014. They were signed on its behalf by:

A R Harrison }
M A Chadwick } Directors



The notes on pages 23 to 40 form part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 March 2014

Attributable to equity shareholders of the parent company

	Issued Capital £'000	Share Premium £'000	Treasury Shares £'000	Revaluation Reserve £'000	Retained Earnings £'000	Total Equity £'000
Balance as at 1 April 2012	3,062	557	(79)	140	4,278	7,958
Profit for the year	–	–	–	–	1,598	1,598
Other comprehensive income:						
Actuarial loss	–	–	–	–	(358)	(358)
Related deferred tax	–	–	–	–	20	20
Total comprehensive income for the year	–	–	–	–	1,260	1,260
Reclassification	–	(35)	79	–	(44)	–
Dividends paid	–	–	–	–	(280)	(280)
Total transactions recognised directly in equity	–	(35)	79	–	(324)	(280)
Balance as at 31 March 2013	3,062	522	–	140	5,214	8,938
Balance as at 1 April 2013	3,062	522	–	140	5,214	8,938
Profit for the year	–	–	–	–	1,102	1,102
Other comprehensive income:						
Actuarial gain	–	–	–	–	305	305
Related deferred tax	–	–	–	–	(115)	(115)
Total comprehensive income for the year	–	–	–	–	1,292	1,292
Issue of shares	20	30	–	–	–	50
Purchase of treasury shares	–	–	–	–	(295)	(295)
Dividends paid	–	–	–	–	(389)	(389)
Total transactions recognised directly in equity	20	30	–	–	(684)	(634)
Balance at 31 March 2014	3,082	552	–	140	5,822	9,596

Share premium

The share premium account represents the consideration that has been received in excess of the nominal value of shares on issue of new ordinary share capital, less permitted expenses.

Treasury shares

The deduction from retained earnings in respect of treasury shares resulted from the company's acquisition of its own shares, at cost.

Revaluation reserve

The revaluation reserve represents the unrealised surplus arising on the revaluation of certain of the group's freehold properties.

Retained earnings

The retained earnings reserve represents profits and losses retained in the current and previous periods.

The notes on pages 23 to 40 form part of these financial statements.



Consolidated Cash Flow Statement

for the year ended 31 March 2014

	Note	2014 £'000	2013 £'000
Net cash generated from operations before pension exercise	24	2,468	2,133
Pension fund enhanced transfer value exercise		-	(778)
Net cash generated from operations		2,468	1,355
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		97	53
Proceeds from sale of subsidiary		613	-
Proceeds from disposal of assets held for sale		-	150
Acquisition of property, plant and equipment		(721)	(569)
Net cash used in investing activities		(11)	(366)
Cash flows from financing activities			
Equity dividends paid		(389)	(280)
Issue of shares		50	-
Purchase of treasury shares		(295)	-
Amounts repaid in respect of finance leases		(20)	(22)
Loan repayments		(267)	(583)
Net cash used in financing activities		(921)	(885)
Net increase in cash and cash equivalents		1,536	104
Opening cash and cash equivalents		(951)	(1,055)
Closing cash and cash equivalents		585	(951)

Financials

The notes on pages 23 to 40 form part of these financial statements.

Accounting Policies

for the year ended 31 March 2014

General information

Ensor Holdings PLC is a company incorporated in England and Wales under the Companies Act, registered number 13944. The principal activities of the main trading companies are set out on pages 2 and 3.

Basis of preparation

The consolidated financial statements of Ensor Holdings PLC have been prepared in accordance with the Companies Act 2006 and International Financial Reporting Standards (IFRS) as adopted by the European Union in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market. The group financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, and derivative financial instruments at fair value through profit or loss. The principal accounting policies adopted by the group are set out below.

Prior period adjustment and representation of the financial statements

The group has adopted IAS 19 – Employee Benefits (Revised 2011) in the year, the impact of which has been to increase the finance costs in the income statement by £48,000, from £64,000 to £112,000, with a corresponding increase in the gain recognised in other comprehensive income (2013: £72,000). The new accounting policy has been adopted retrospectively and the comparative amounts have been re-presented.

The prior year income statement has also been re-presented to reflect the discontinued operation in the current year.

Going concern

At the date of the approval of the financial statements, the directors have satisfied themselves that the group will continue in business for the foreseeable future. In order to do this, the directors have considered the group's budgets for the year ended 31 March 2015 and certain extrapolations beyond this date, taking account of the current market conditions. These forecasts demonstrate that the group shall continue to operate within its banking facility. On this basis, the going concern basis of accounting continues to be applied in the preparation of the consolidated financial statements.

Basis of consolidation

Where the company has the power, either directly or indirectly, to govern the financial and operating policies of another entity so as to obtain benefits from its activities, the entity is classified as a subsidiary. The consolidated financial statements present the results of the company and its subsidiaries as if they formed one single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the consolidated balance sheet, the subsidiary's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated income statement from the date on which control is obtained.

Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods provided in the normal course of business, net of discounts, rebates and sales-related taxes. Sales of goods are recognised when goods have been delivered and title in those goods has passed. Rebates are recognised at their anticipated level as soon as any liability is expected to arise.

Revenue is generated primarily through the sale of goods. Revenue from the provision of services in relation to waste recycling is not material, therefore an analysis of revenue is not provided in accordance with IAS 18.

Rental income

Rental income is amounts receivable in respect of operating leases granted over the group's land and buildings and is recognised in accordance with the terms of the lease.

Foreign currencies

The financial statements are presented in pounds sterling, which is the parent company's functional currency. Foreign currency transactions are translated into sterling using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from settlement of such transactions and from the translation, at year-end exchange rates, of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Finance costs

Finance costs comprise facility fees, interest payable, finance charges on finance leases and the cost of financing the pension scheme deficit.



Process technology and know-how

Process technology and know-how assets arise from the acquisition of businesses and represent the directors' evaluation of that portion of the fair value of the acquisition cost which can be apportioned to the product development of the businesses purchased. The asset is to be amortised over 15 years.

Goodwill

Goodwill arises from the acquisition of businesses and represents the difference between the cost of acquisition and the fair value of the identifiable assets, liabilities and contingent liabilities acquired. Identifiable intangible assets are those which can be sold separately or which arise from legal rights.

Goodwill is capitalised and subject to an impairment review, both annually and when there are indications that the carrying value may not be recoverable.

Goodwill is allocated to cash generating units and is not amortised. A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Impairment of non-financial assets

Assets which have an indefinite useful life are not subject to amortisation and are tested for impairment at each balance sheet date. Assets subject to depreciation and amortisation are reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. Impairment losses on previously revalued properties are recognised against the revaluation reserve as far as this reserve relates to previous revaluations of the same properties. Other impairment losses are recognised in the income statement based on the amount by which the carrying value exceeds the recoverable amount. The recoverable amount is the higher of the fair value less the costs to sell and value in use.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

Provisions

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present values where the effect is material.

Property, plant and equipment

Freehold property used in operations and other freehold property are carried at valuation. Revaluations are normally undertaken by professionally qualified valuers and are performed with sufficient regularity such that carrying amounts do not differ materially from those that would be determined using fair values at the end of the reporting period. In intervening years between professional valuations, a director's valuation is used where sufficient information is available.

Plant and equipment and vehicles held for use in the business are carried in the balance sheet at cost less any subsequent depreciation and impairment losses.

Depreciation is provided to write off the cost, less estimated residual values, of all property, plant and equipment over the estimated useful life of the assets. It is calculated on a straight-line basis at the following rates:

Freehold buildings	2% per annum on cost or valuation
Plant and equipment	between 10% and 33% per annum
Vehicles	between 12.5% and 33% per annum
Land is not depreciated.	

Non-current assets held for sale

Non-current assets are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered to be highly probable. Land, buildings, plant and equipment held for sale are carried in the balance sheet at the lower of their carrying value immediately before reclassification as held-for-sale, and fair value less costs to sell. Gains and losses arising on the re-measurement of assets held for sale are charged to the income statement.

Accounting Policies

continued

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Bank overdrafts that are repayable on demand and form an integral part of the group's cash management are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on the first in, first out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of overhead based on normal operating capacity. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Financial instruments

Financial instruments are measured initially at cost, which is the fair value of whatever was paid or received to acquire or incur them. The group does not undertake any trading in derivative financial instruments.

After initial recognition, financial assets and liabilities are classified into the following categories: fair value through profit or loss; loans and receivables. A description of these measurement bases is as follows:

Fair value through profit or loss

Instruments which are held for trading are accounted for at fair value through profit or loss. Instruments are treated as held for trade if they are:

- (i) acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- (ii) part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit taking; or
- (iii) a derivative not designated and effective as a hedging instrument.

Such instruments consist solely of foreign currency forward contracts.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments and which are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the loans and receivables are sold or impaired, as well as through the amortisation process.

Financial liabilities

Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

Other financial liabilities

Other financial liabilities are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Subsequently they are measured at amortised cost, using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability.

Financial instruments are recognised when the group becomes a party to the contractual provisions of the instrument. The principal financial assets and liabilities of the group are as follows:

Trade receivables

Trade receivables are initially recognised at fair value and then are stated at amortised cost using the effective interest method, less provision for impairment.

Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand, including bank deposits with original maturities of three months or less. Bank overdrafts are also included as they are an integral part of the group's cash management.

Trade payables

Trade payables are initially recognised at fair value and are then stated at amortised cost using the effective interest method.

Interest bearing loans and borrowings

Interest bearing bank loans and overdrafts and other loans are recognised initially at fair value. All borrowings are subsequently stated at amortised cost, using the effective interest method, with the difference between initial net proceeds and redemption values recognised in the income statement over the period to redemption.



Derivative financial instruments

The group uses financial instruments to manage financial risks associated with the group's underlying business activities and the financing of those activities.

Derivatives are initially recognised at fair value on the contract date and are subsequently re-measured in future periods at fair value.

Leased assets

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership to the group. All other leases are classified as operating leases.

Lease payments in respect of assets held under operating leases are charged directly to the income statement. Payments made to acquire operating leases are treated as prepayments and charged to income during the period of the lease.

Taxation

Income tax expense represents the sum of current tax and deferred tax.

Current tax is based upon the profit for the year. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the consolidated financial statements. The group's liability for deferred tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are not discounted. Deferred tax assets and liabilities may be set off against each other provided there is a legal right to do so and it is the directors' intention to do so.

Pensions

The group operates a number of defined contribution schemes for which the amount charged to income in respect of pension costs and other post-retirement benefits is the amount of the contributions payable in the year. Differences between contributions payable and paid are accrued or prepaid.

The defined benefit scheme previously operated by the group closed on 31 March 2006. The interest cost and the expected return on assets are shown as a net amount within other finance costs or credits. Actuarial gains and losses are recognised in full as they arise, outside the income statement, as a credit or charge to retained earnings.

Deferred consideration

Deferred consideration payable on the acquisition of a subsidiary is carried in the balance sheet at the present value of the estimated value of the consideration, discounted from the anticipated payment date. Subsequent unwinding of the discount is charged to the income statement and included in finance costs.

Share based payments

The group issues equity-settled share-based payments to certain employees. These equity-settled share-based payments are measured at fair value at the date of the grant. Where material, the fair value as determined at the grant date is expensed on a straight-line basis over the vesting period, based on the group's estimate of shares that will eventually vest.

Fair value is measured by use of recognised options valuation models.

Use of estimates and judgements

The preparation of financial statements in compliance with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and revenue and expenses during the period. Management evaluates its estimates on an ongoing basis using historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The group's most sensitive estimates are discussed below:

Land and buildings (note 10)

The group's land and buildings are valued periodically by an independent valuer. During the periods between valuations, the directors use judgement to consider whether these assets are stated at fair value in the accounting records.

Accounting Policies

continued

Goodwill (note 11)

The group tests annually whether goodwill has suffered any impairment, in accordance with its accounting policy. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations, which require the use of estimates of future cash-flows and the group's cost of capital. These assumptions are detailed in note 11.

Segmental analysis

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors and chief executive officer, who makes strategic decisions for the group.

New standards, amendments and interpretations adopted in the year

The following standards, amendments and interpretations that are applicable for accounting periods beginning on 1 April 2013, and which are relevant to the group operations, have been adopted during the year.

	Effective dates (periods beginning on or after)
IAS 1 (amendments) – Presentation of Items of Other Comprehensive Income	1 January 2013
IFRS 7 (amendments) – Disclosures, Offsetting Financial Assets and Liabilities	1 January 2013
IFRS 13 – Fair Value Measurement	1 January 2013
IAS 19 – Employee Benefits (Revised June 2011)	1 January 2013

The adoption of these standards has not had a material effect on the financial statements, with the exception of IAS 19 (revised), which has had the effect of increasing the charge to the income statement in respect of the finance charge associated with the pension scheme, and a corresponding increase in other comprehensive income. The charge to the income statement in these financial statements is £112,000. Under the previous standard the charge would have been calculated at £64,000. The difference is a result of a change in the basis for valuing assets of the scheme.

New standards, amendments and interpretations not yet adopted

The following standards, amendments and interpretations are in issue, but are mandatory only for our accounting periods beginning on or after 1 April 2014. None of these have a material impact on the financial statements. The group has not adopted them early.

	Effective dates (periods beginning on or after)
IFRS 10 – Consolidated Financial Statements	1 January 2014
IFRS 11 – Joint Arrangements	1 January 2014
IFRS 12 – Disclosure of Interests in Other Entities	1 January 2014
IAS 27 (revised) – Separate Financial Statements	1 January 2014
IAS 28 (revised) – Investments in Associates and Joint Ventures	1 January 2014
IAS 32 (amendments) – Offsetting Financial Assets and Liabilities	1 January 2014
IFRS 9 – Financial Instruments	1 January 2015
IFRS 9 and IFRS 7 (amendments) – Mandatory Effective Date and Transition Disclosures	tba



Notes to the Financial Statements

for the year ended 31 March 2014

1. Segmental analysis

For management purposes, the group's business activities are organised into business units based on their products and services and have three primary operating segments as follows:

- ▷ Building and Security Products – manufacture, marketing, supply and distribution of building materials, security access products and access control equipment;
- ▷ Packaging – marketing and distribution of packaging materials;
- ▷ Other – manufacture of rubber crumb and waste recycling.

These segments are the basis on which information is reported to the group board. The segment result is the measure used for the purposes of resource allocation and assessment and represents the operating profit of each segment before exceptional operating costs, amortisation and impairment charges, other gains and losses, net finance costs and taxation.

Details of the types of products and services from which each segment derives its revenues are given above.

The accounting policies applied in preparing the management information for each of the reportable segments are the same as the group's accounting policies.

The group's revenues and results by reportable segment for the year ended 31 March 2014 are shown in the following table.

	Building & Security Products £'000	Packaging £'000	Other £'000	Total continuing £'000	Discon- tinued £'000	Unallo- cated £'000	Total £'000
External revenue	27,215	2,758	585	30,558	1,431	–	31,989
Depreciation	490	23	28	541	26	–	567
Operating profit	1,385	437	5	1,827	106	–	1,933
Finance costs				–	–	(301)	(301)
Income tax expense				–	(25)	(242)	(267)
Loss on disposal				–	(263)	–	(263)
Profit / (loss) for the year				1,827	(182)	(543)	1,102
Total assets	13,764	1,394	301	15,459	–	4,375	19,834
Total liabilities	(5,952)	(728)	(15)	(6,695)	–	(3,543)	(10,238)
Capital expenditure	592	33	66	691	30	–	721

The group's revenues and results by reportable segment for the year ended 31 March 2013 are shown in the following table.

	Building & Security Products £'000	Packaging £'000	Other £'000	Total continuing £'000	Discon- tinued £'000	Unallo- cated £'000	Total £'000
External revenue	28,066	2,216	719	31,001	1,769	–	32,770
Depreciation	454	23	32	509	26	–	535
Operating profit	1,964	278	35	2,277	150	–	2,427
Finance costs				(373)	–	–	(373)
Income tax expense				(440)	(16)	–	(456)
Profit for the year				1,464	134	–	1,598
Total assets	15,853	950	742	17,545	1,404	3,079	22,028
Total liabilities	(6,481)	(178)	(56)	(6,715)	(200)	(6,175)	(13,090)
Capital expenditure	582	16	–	598	23	18	639

Head office costs are apportioned to the segments on the basis of earnings.

The group operates almost exclusively in one geographical segment, being the United Kingdom. Turnover to customers located outside the United Kingdom accounted for less than 10% of total group turnover and has therefore not been separately disclosed.

Revenue from a single customer did not exceed more than 10% of turnover during the current or prior reporting periods.

Notes to the Financial Statements

continued

2. Discontinued operation

CMS Tools Limited was sold on 14 February 2014 and the operation has been classified as discontinued. The prior year income statement has been re-presented to reflect the discontinued operation.

The results of the discontinued operation were as follows:

	2014 £'000	2013 £'000
Revenue	1,431	1,769
Expenses	(1,325)	(1,619)
Operating profit	106	150
Income tax expense	(25)	(16)
Profit after tax	81	134
Loss on disposal	(263)	–
(Loss)/profit after tax for the year	(182)	134

The net assets of the subsidiary at the date of disposal and at 31 March 2013 were as follows:

	14 February 2014 £'000	31 March 2013 £'000
Property, plant and equipment	53	52
Inventories	222	223
Trade and other receivables	323	429
Cash at bank	142	124
Trade and other payables	(214)	(325)
Attributable goodwill	350	350
	876	853
Loss on disposal	(263)	
Total consideration, satisfied in cash	613	
Cash flows from discontinued operations		
Operating	25	268
Investing	(18)	(4)
Proceeds of disposal	613	–
Total cashflow	620	264

On 2 January 2014, the business and assets of SRC Limited were sold as a going concern. The business has not been classified as a discontinued operation because it is not considered to have been a separate major line of business.



3. Operating profit

	Continuing £'000	Discontinued £'000	2014 Total £'000	Continuing £'000	Discontinued £'000	2013 Total £'000
Operating profit is stated after charging/(crediting):						
Rent receivable	(163)	–	(163)	(163)	–	(163)
Depreciation of property, plant & equipment	541	26	567	509	26	535
Amortisation of intangible asset	33	–	33	34	–	34
Profit on disposal of property, plant & equipment	(4)	1	(3)	(14)	–	(14)
Profit on disposal of asset held for sale	–	–	–	(12)	–	(12)
Foreign exchange gains	(19)	–	(19)	(23)	(6)	(29)
Operating lease charges:						
– plant, machinery & vehicles	27	–	27	13	–	13
– land & buildings	228	–	228	228	–	228
Fees payable to the company's auditors for the audit of the company's annual accounts	11	–	11	11	–	11
Fees payable to the company's auditors for other services:						
– the audit of the company's subsidiaries, pursuant to legislation	48	2	50	37	5	42
– tax services	10	3	13	13	1	14

4. Employees

	Continuing £'000	Discontinued £'000	2014 Total £'000	Continuing £'000	Discontinued £'000	2013 Total £'000
The average number (including directors) employed by the group during the year was as follows:						
Production	79	–	79	84	–	84
Distribution and operations	65	2	67	53	3	56
Sales and administration	97	5	102	107	5	112
	241	7	248	244	8	252

	Continuing £'000	Discontinued £'000	2014 Total £'000	Continuing £'000	Discontinued £'000	2013 Total £'000
Costs in respect of these employees:						
Wages and salaries	6,678	234	6,912	6,743	272	7,015
Social security costs	662	26	688	634	30	664
Pension costs	180	2	182	172	5	177
	7,520	262	7,782	7,549	307	7,856

The key management personnel are considered to be the company directors, the remuneration of whom is detailed in note 5 below.

Notes to the Financial Statements

continued

5. Directors' remuneration

	Salary, fees and bonuses £'000	Benefits in kind £'000	Pension contributions £'000	Total £'000
2014				
Executive				
K A Harrison	59	4	–	63
A R Harrison	141	22	28	191
M A Chadwick	116	18	34	168
Non-executive				
A E Coyne	35	3	–	38
C M Harrison	34	–	–	34
	385	47	62	494

	Salary, fees and bonuses £'000	Benefits in kind £'000	Pension contributions £'000	Total £'000
2013				
Executive				
K A Harrison	55	3	–	58
A R Harrison	128	21	20	169
M A Chadwick	137	17	34	188
Non-executive				
A E Coyne	32	3	–	35
C M Harrison	31	–	–	31
	383	44	54	481

Aggregate directors' remuneration including social security costs and pension contributions was as follows:

	2014 £'000	2013 £'000
Aggregate directors' remuneration	540	536

The number of directors who accrued benefits under company pension schemes was as follows:

	2014 No.	2013 No.
Money purchase schemes	2	2

The number of share options held by the directors was as follows:

	At 1 April 2013	Exercised	At 31 March 2014	Exercise price price	Gain on exercise £'000	Exercisable
A R Harrison	200,000	200,000	–	25.0p	54	18/12/07 – 17/12/16



6. Finance costs

	Continuing £'000	Discontinued £'000	2014 Total £'000	Continuing £'000	Discontinued £'000	Re-presented 2013 Total £'000
Bank overdraft and loans repayable within five years	157	–	157	192	–	192
Net return on pension scheme assets and liabilities (note 15)	112	–	112	148	–	148
Unwinding of discounts on deferred consideration	32	–	32	33	–	33
	301	–	301	373	–	373

7. Taxation

	Continuing £'000	Discontinued £'000	2014 Total £'000	Continuing £'000	Discontinued £'000	Re-presented 2013 Total £'000
Recognised in the income statement:						
Current income tax						
UK corporation tax on profits of the period	350	23	373	226	13	239
Adjustments to prior years	(81)	–	(81)	–	–	–
	269	23	292	226	13	239
Deferred income tax						
Origination and reversal of temporary differences	(5)	–	(5)	208	–	208
Capital allowances (in excess of)/lower than depreciation	(10)	2	(8)	6	3	9
Adjustments to prior years for change in rate of provision	(12)	–	(12)	–	–	–
	(27)	2	(25)	214	3	217
Income tax expense	242	25	267	440	16	456
Reconciliation of effective tax rate						
Profit before tax	1,526	106	1,632	1,904	150	2,054
Profit on ordinary activities before tax multiplied by standard rate of corporation tax in the UK of 23% (2013: 24%)	351	24	375	438	34	472
Effects of:						
Expenses not deductible for tax purposes	11	1	12	76	–	76
Group relief	–	–	–	17	(17)	–
Prior year adjustments	(93)	–	(93)	–	–	–
Relief against prior year losses	(27)	–	(27)	(89)	–	(89)
Small companies relief	–	–	–	(2)	(1)	(3)
	242	25	267	440	16	456

At 31 March 2014, the group had capital losses available to carry forward of £1,507,000 (2013: £1,507,000) and no trading losses (2013: £118,000). The losses may be carried forward indefinitely.

Notes to the Financial Statements

continued

8. Earnings per share

The calculation of earnings per share for the period is based on the profit for the period divided by the weighted average number of ordinary shares in issue, being 29,963,373 (2013: 30,295,976). The diluted earnings per share is based upon the weighted average of 29,963,373 shares (2013: 30,378,246). The dilution in the prior period was due to subsisting share options, and had no impact on the disclosed amounts.

The weighted average number of shares for the basic and diluted earnings per share calculation can be reconciled as follows:

	2014 No.	2013 No.
Weighted average number of shares in issue	29,963,373	30,295,976
Weighted average number of dilutive shares arising from subsisting share options	–	82,270
Weighted average number of shares for diluted calculation	29,963,373	30,378,246

9. Dividends paid

	2014 £'000	2013 £'000
Final ordinary dividend of 0.8p per share (2013: 0.525p)	240	159
Interim ordinary dividend of 0.5p per share (2013: 0.4p)	149	121
Dividends on equity shares	389	280

The directors propose a final dividend for the year ended 31 March 2014 of 1.0p per share (2013: 0.8p).

10. Property, plant and equipment

	Freehold land and buildings used in operations £'000	Other freehold land and buildings £'000	Plant and equipment £'000	Motor vehicles £'000	Total £'000
Cost or valuation at 1 April 2012	5,018	542	2,028	633	8,221
Additions	59	–	264	316	639
Disposals	–	–	(29)	(251)	(280)
Transfer from assets of disposal group held for sale	–	–	70	71	141
Reclassification	7	–	–	–	7
Cost or valuation at 1 April 2013	5,084	542	2,333	769	8,728
Additions	25	–	593	103	721
Disposals	–	–	(743)	(89)	(832)
Disposal of discontinued operation	–	–	(75)	(42)	(117)
Transfer to assets held for sale	(510)	–	–	–	(510)
Cost or valuation at 31 March 2014	4,599	542	2,108	741	7,990
Depreciation at 1 April 2012	3	–	1,219	246	1,468
Charge for the year	70	4	341	120	535
Disposals	–	–	(28)	(213)	(241)
Transfer from assets of disposal group held for sale	–	–	37	21	58
Reclassification	7	–	–	–	7
Depreciation at 1 April 2013	80	4	1,569	174	1,827
Charge for the year	80	4	283	200	567
Disposals	–	–	(685)	(54)	(739)
Disposal of discontinued operation	–	–	(57)	(7)	(64)
Transfer to assets held for sale	(14)	–	–	–	(14)
Depreciation at 31 March 2014	146	8	1,110	313	1,577



	Freehold land and buildings used in operations £'000	Other freehold land and buildings £'000	Plant and equipment £'000	Motor vehicles £'000	Total £'000
Net book value at 31 March 2014	4,453	534	998	428	6,413
Net book value at 31 March 2013	5,000	542	764	595	6,901
Net book value at 31 March 2012	5,015	542	809	387	6,753
At 2011 valuation	578	–	578		
At 2012 valuation	3,791	534	4,325		
At cost	84	–	84		
	4,453	534	4,987		
At depreciated historical cost	2,406	182	2,588		

The gross amount of freehold buildings on which depreciation is being provided is £2,253,000 (2013: £2,766,000). The accumulated revaluation surplus on the group's properties is £140,000 (2013: £140,000).

The group's property at Normanton, West Yorkshire, was revalued at 31 March 2011 on the basis of its Market Value as defined by The Royal Institution of Chartered Surveyors, by A R Argyle, Chartered Surveyors, as an Independent Valuer in accordance with the Appraisal and Valuation Standards of The Royal Institution of Chartered Surveyors, resulting in the carrying value of this particular property being reduced by £26,000 to a carrying value of £600,000. The reduction was charged to the revaluation reserve.

In March 2012, the group's properties at Woodville, Stockport and Blackburn were valued by A R Argyle on the same basis. As a result of this review, the carrying values were revised upwards by £140,000.

The property at Welshpool was revalued in January 2012 on the basis of its Market Value as defined by The Royal Institution of Chartered Surveyors. The valuations were carried out by Salloway Property Consultants as an Independent Valuer in accordance with the Appraisal and Valuation Standards of The Royal Institution of Chartered Surveyors. The property was brought into the group at its fair value and has been depreciated subsequently.

The group's property at Brackley, Northamptonshire, is being actively marketed and residential planning permission is being sought which will make the property more marketable. It is expected that planning permission will be achieved and, following this, the property will be marketed to residential building contractors. It is held as a separate asset category because it is not used in the business of the group. It was valued at £550,000 at 31 March 2012 by Kirkby and Diamond property consultants on a basis consistent with the relevant RICS Practice Standard. As the difference between this and the carrying value is negligible, the carrying value has not been adjusted.

The properties at Woodville, Blackburn, Normanton and Brackley were revalued in January 2014 on the basis of Market Value as defined by The Royal Institution of Chartered Surveyors, by Roger Hannah and Co, Chartered Surveyors, as an Independent Valuer in accordance with the Appraisal and Valuation Standards of The Royal Institution of Chartered Surveyors. The valuations were not significantly different from the carrying values of the properties in the accounts and so no adjustment has been made for the revaluation. The property at Stockport was not revalued and the directors believe that the value in use is not significantly different from the carrying value. The property has now been classified as an asset held for sale (see note 12).

Plant and machinery having a net book value of £58,000 (2013: £74,000) was subject to finance leases. The depreciation charge on these assets for the year was £16,000 (2013: £8,000).

11. Intangible assets

Operating segment	Process Technology and Know-how	Goodwill	Total
	Building and Security Products £'000	Analysed below £'000	£'000
Cost at 31 March 2012	500	3,285	3,785
Transfer from assets held for sale	–	350	350
Cost at 31 March 2013	500	3,635	4,135
Disposal of subsidiary	–	(1,364)	(1,364)
Cost at 31 March 2014	500	2,271	2,771

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Operating segment	Process Technology and Know-how	Goodwill	Total
	Building and Security Products £'000	Analysed below £'000	£'000
Amortisation at 31 March 2012	–	1,014	1,014
Charge for the year	34	–	34
Amortisation at 31 March 2013	34	1,014	1,048
Charge for the year	33	–	33
Disposal of subsidiary	–	(1,014)	(1,014)
Amortisation at 31 March 2014	67	–	67
Carrying value at 31 March 2014	433	2,271	2,704
Carrying value at 31 March 2013	466	2,621	3,087
Carrying value at 31 March 2012	500	2,271	2,771

The asset described as Process Technology and Know-how arose as part of the acquisition of Technocover Limited in January 2012 and is being amortised over fifteen years.

The goodwill eliminated on disposal of a subsidiary has been treated as a discontinued operation. The results of the operation and the details of the disposal are further analysed in note 2.

Goodwill

The following cash generating units contain goodwill:

Name of subsidiary	Ellard	Technocover	Wood's Packaging	CMS Tools	Total
Operating segment	Building and Security Products £'000	Building and Security Products £'000	Packaging £'000	Building and Security Products £'000	£'000
Carrying value at 31 March 2012	317	1,197	757	–	2,271
Transfer from assets held for sale	–	–	–	350	350
Carrying value at 31 March 2013	317	1,197	757	350	2,621
Disposal of subsidiary	–	–	–	(350)	(350)
Carrying value at 31 March 2014	317	1,197	757	–	2,271

The recoverable amounts of the cash-generating units (CGUs) are determined from value-in-use calculations. The key assumptions for the value-in-use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period.

Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. Management have utilised a discount rate of 11.25% (2013: 11%).

The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market. Growth rates of between 1% and 3% per annum have been assumed by management (2013: between 1% and 3%). The group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next five years and extrapolates cash flows in perpetuity based on these estimated growth rates. These rates do not exceed the average long-term growth rate for the relevant markets.

The fair value of each of the group's cash generating units significantly exceeds the respective carrying value of the goodwill.



12. Assets held for sale

	2014 £'000	2013 £'000
Land & buildings		
At 1 April 2013	–	138
Transfer from freehold land and buildings	496	–
Disposal	–	(138)
At 31 March 2014	496	–

The asset held for sale is the property in Stockport formerly occupied by SRC Limited. The business and trading assets of SRC Limited were sold in January 2014 (see note 2). Contracts have been exchanged for the sale of the land and buildings to a residential property developer and it is expected that the sale will be completed within one year of the balance sheet date, with proceeds substantially in excess of the carrying value. The asset had been included in the "Other" operating segment.

The asset held for sale in 2013 was the property occupied by a former subsidiary, Lowland Ensor Doors Limited, which was sold in 2012. The property was sold to the purchaser of the business in June 2013. The asset had been included in the "Building and Security Products" operating segment.

13. Inventories

	2014 £'000	2013 £'000
Inbound goods-in-transit	155	275
Raw materials and consumables	392	346
Work in progress and finished goods	238	360
Goods purchased for resale	1,861	2,128
	2,646	3,109

The carrying amount of inventories includes a write down provision of £167,000 (2013: £150,000).

Cost of inventories recognised as an expense

Cost of inventories recognised as an expense	17,429	16,944
Including:		
Write-down of inventories to net realisable value	34	9

14. Trade and other receivables

	2014 £'000	2013 £'000
Trade receivables	6,455	7,931
Less: provision for impairment of trade receivables	(237)	(229)
Net trade receivables	6,218	7,702
Other debtors	32	33
Prepayments and accrued income	265	266
	6,515	8,001

Further analyses of the impairment provision and of the credit risks associated with trade receivables are included in note 21.

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15. Pensions

The group operates both defined benefit and defined contribution schemes. The defined benefit scheme was closed to new members with effect from 1 April 2002 and ceased accrual of benefits with effect from 31 March 2006.

Employer contributions of £474,000 (2013: £1,181,000) were made during the year, £182,000 of which were in respect of the defined contribution schemes (2013: £177,000), £292,000 in respect of funding the defined benefit scheme deficit (2013: £283,000) and £721,000 in the prior period in respect of the enhanced transfer value exercise described below.

The defined benefit scheme operated by the group was last valued by the actuary at 31 March 2011 using the attained age method and the assumptions described below. As a result of that valuation the scheme actuary recommended contributions to the scheme from April 2011 to June 2019 starting at £275,000 per annum and rising to £341,000 per annum.

The actuarial valuation showed that the market value of the scheme's assets, which are held in trusts separate from the assets of the group, was £5,818,000 at the date of valuation and that the actuarial value of these assets represented 68% of the benefits that had accrued to members. The assets are invested in listed and other investments and are invested and managed independently of the finances of the group.

Assumptions incorporated into the valuation are as follows:

Discount rate pre-retirement (20 Year gilt yield plus 2.0%)	6.4%
Discount rate post-retirement (15 Year gilt yield plus 0.5%)	4.7%
CPI inflation (Bank of England 25 Year RPI spot rate less 0.7%)	3.0%
Pension increases in deferment	3.0%
Pension increases in payment	Post 97: 2.9%, Post 88 GMPs: 2.25%, otherwise Nil
Mortality pre-retirement	A00
Mortality post-retirement	S1PA (year of birth) with CMI2010 improvements trending to a long-term rate of improvement of 1% p.a. Uplifted by 110%

The mortality rates given by the above assumptions are:

	Age 65 now	Age 65 in 20 years
Male	86.3	87.7
Female	88.4	90.0

Subsequent to this valuation, during the year ended 31 March 2013, the group undertook an enhanced transfer value exercise for deferred members in order to reduce the scheme liabilities. The exercise had the effect of reducing the liabilities of the scheme by £3,452,000, based on the liabilities as calculated at 31 March 2012. In order to settle these liabilities, assets of £2,755,000 were transferred from the pension fund and the company paid £721,000 in enhancements. The loss on settlements of £24,000 and associated professional costs of £57,000 were charged to the income statement. The enhancements and professional costs together totalled £778,000 and this figure is shown as a separate line item in the Consolidated Cash Flow Statement as an operating cash flow. The effect of the exercise on the deficit is included in the tables below.

The group reports its pension costs in accordance with IAS 19 (Revised), "Employee Benefits". Information in the following paragraphs has been provided by the Scheme Actuary.

Total expense recognised in the Consolidated Income Statement:

	2014 £'000	Re-presented 2013 £'000
Net interest on net defined benefit liability	112	152
Losses on curtailments and settlements	-	24
Professional fees thereon	-	57
Total included in administrative expenses	-	81



Actuarial loss recognised in the Consolidated Statement of Comprehensive Income:

	2014 £'000	Re-presented 2013 £'000
Actuarial gains/(losses) on the assets	100	(97)
Experience adjustment	12	25
Changes in financial assumptions	193	(286)
Actuarial loss recognised in the Consolidated Statement of Comprehensive Income	305	(358)

Reconciliation of the present value of the defined benefit obligations:

	2014 £'000	Re-presented 2013 £'000
Opening defined benefit obligation	5,736	8,915
Interest cost	240	354
Actuarial (gains)/losses on obligation	(205)	261
Benefits paid	(328)	(3,097)
Settlement gains	-	(697)
Closing defined benefit obligation	5,443	5,736

Reconciliation of the fair value of the scheme assets:

	2014 £'000	Re-presented 2013 £'000
Opening fair value of scheme assets	2,987	5,692
Expected return	128	206
Employer contributions	292	283
Actuarial gains/(losses) on scheme assets	100	(97)
Benefits paid	(328)	(3,097)
Closing fair value of scheme assets	3,179	2,987

The assets of the fund have been taken at market value and the liabilities have been calculated using the following principal actuarial assumptions:

	2014	2013
Inflation	2.05%	2.15%
Rate of discount	4.50%	4.30%
Increases in pension in respect of post-April 1997 service	2.05%	2.15%
Revaluation rate for deferred pensioners	2.00%	2.10%
Duration of the defined benefit obligation:		
Deferred pensioners	21 years	20 years
Pensioners in payment	8 years	8 years
Average	13 years	13 years

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The assets of the Fund and expected long-term rates of return were as follows:

	2014 £'000	2013 £'000
Equities	1,675	1,566
Bonds	496	511
Property	1,007	907
Cash	1	3
Total market value of scheme assets	3,179	2,987
Present value of the deferred benefit obligation	(5,443)	(5,736)
Deficit in the scheme	(2,264)	(2,749)
Actual return on plan assets	228	109

History of experience gains and losses:

	2014 £'000	2013 £'000	2012 £'000	2011 £'000	2010 £'000
Present value of the defined benefit obligation	(5,443)	(5,736)	(8,915)	(8,929)	(8,755)
Fair value of the scheme assets	3,179	2,987	5,692	5,818	5,590
Deficit in the scheme	(2,264)	(2,749)	(3,223)	(3,111)	(3,165)
Experience adjustments on scheme liabilities	12	25	(372)	–	(1,262)
Experience adjustments on scheme assets	100	(97)	(317)	(80)	975

Sensitivity analysis

A sensitivity analysis has been performed to show the effect on the defined benefit obligation of changes in the assumptions. The effects of the changes would be as follows:

	Increase/(decrease) in obligation	
	%	£'000
Increase/decrease in discount rate of 0.25%	–3% / +3%	(163) / 163
Increase/decrease in rate of pension increase of 0.25%	–1% / +1%	(54) / 54
Increase/decrease in life expectancy by one year	+3% / –3%	163 / (163)

The group expects contributions in the region of £300,000 to be paid for 2014/15.

16. Borrowings

	2014 £'000	2013 £'000
Current liabilities		
Bank overdraft	–	1,249
Interest bearing loans	275	265
	275	1,514
Non-current liabilities		
Interest bearing loans	533	810

The group's banking facilities are secured by multilateral, joint and several unlimited guarantees given by the company and its subsidiary undertakings. The guarantees are supported by fixed charges over certain freehold properties and book debts and by floating charges over other assets. The group has aggregate overdraft facilities of £3,500,000.

Other than these assets, and assets held under finance leases (see note 19), no items of property, plant and equipment have been pledged as security for borrowings.



17. Other creditors – non-current liabilities

	2014 £'000	2013 £'000
Amounts due in respect of finance leases (note 19)	35	55
Deferred consideration on acquisition of subsidiary	951	919
	986	974

On 16 January 2012, the company acquired a 90% interest in Technocover Limited, equating to a 90% interest in the voting rights, in order to expand the Building and Security Products division and enhance profits. Under a separate put and call option agreement, the company will acquire the remaining 10% at a date between 13 October 2013 and 1 October 2016. The consideration payable will depend upon profits generated by the company in the intervening period, but the directors anticipate that the liability for the deferred consideration will be £1,000,000 and will be payable on 1 October 2015. The liability of £951,000 (2013: £919,000), being the present value of the anticipated consideration, has been recognised. 100% of the net assets and profits of Technocover Limited have been included in the consolidated financial statements of the group, and the full amount of contingent consideration has been recognised as a liability, in accordance with IAS 32, "Financial Instruments: Presentation".

18. Deferred taxation

	Accelerated tax depreciation £'000	Other temporary differences £'000	Total non- current deferred asset/ (liability) £'000	Non-current deferred tax asset on retirement tax benefit plan £'000
At 1 April 2012	(89)	24	(65)	806
Credited/(charged) to Consolidated Income Statement	1	(36)	(35)	(212)
Credited to Consolidated Statement of Comprehensive Income	–	–	–	38
At 1 April 2013	(88)	(12)	(100)	632
Credited/(charged) to Consolidated Income Statement	19	8	27	(42)
Credited to Consolidated Statement of Comprehensive Income	–	–	–	(115)
At 31 March 2014	(69)	(4)	(73)	475

The provision for the deferred tax liability relating to the revaluation of land and buildings has been set against the deferred tax asset associated with brought forward capital losses, since the assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

19. Obligations under finance leases

	2014 £'000	2013 £'000
Amounts due within one year	20	20
Amounts due between one and five years	35	55
	55	75

20. Trade and other payables

	2014 £'000	2013 £'000
Trade creditors	4,027	4,195
Other taxes and social security	849	972
Other creditors	111	251
Obligations under finance leases (note 19)	20	20
Consideration on acquisition payable by instalments	7	90
Accruals and deferred income	715	1,103
	5,729	6,631

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21. Financial instruments and risk profile

All financial instruments are categorised as loans and receivables with the exception of forward contracts, which are held at fair value through profit and loss. Full details of forward contracts held at the period-end are provided in the foreign currency risk management narrative below. The directors consider that there is no material difference between the carrying value of all financial assets and financial liabilities and their respective fair values.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. Instruments included in level 2 comprise derivatives used for hedging purposes. The group does not hold any instruments that are included at level 1 or level 3.

Details of significant accounting policies and methods of valuation adopted by the group in respect of each class of financial asset and financial liability are disclosed in the Statement of Accounting Policies on page 18.

The group manages financial risks relating to the companies within the group through a centralised treasury function which monitors the risks through monthly meetings and reports and acts accordingly. The principal risks to which the group is exposed are credit risk, currency risk, interest rate risk and liquidity risk. The group seeks to minimise the effects of these risks by using derivative financial instruments to hedge the exposures where necessary. The group does not enter into derivative financial instruments for speculative purposes.

Market risk

The group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates, which are dealt with under financial risks, below.

Credit risk

Credit risk is the risk that a counter-party will cause a financial loss to the group by failing to discharge its obligation to the group, and arises predominantly from trade receivables. The maximum exposure to credit risk for receivables and other financial assets is represented by their carrying amount, net of impairment provisions.

Credit risk is managed on a group basis by setting procedures for minimising risk. External credit checks are obtained for new customers; existing receivables are reviewed regularly by local management and at board level; strong relationships are maintained with key customers and procedures are in place to deal with amounts that become overdue.

The average credit period given on sale of goods for 2014 is 58 (2013: 58) days. The group reserves the right to charge interest on overdue debts at varying rates.

Trade receivables are provided for based on estimated irrecoverable amounts from the sale of goods, determined by local management and reviewed by group management based on prior experience and their assessment of the current economic environment.

The group has recognised a provision for bad and doubtful debts, which at the balance sheet date amounted to £237,000 (2013: £229,000). Management considers that these balances are impaired based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience and sales documentation.

The group does not hold any collateral as security. In determining the recoverability of a trade receivable the group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The directors believe that there is no further credit provision required in excess of the allowance for doubtful debts. The group does not have a significant concentration of credit risk, as its customer base is large and unrelated.

The movement on the provision account during the period is as follows:

	2014 £'000	2013 £'000
Balance at 1 April 2013	229	219
Impairment losses recognised	210	262
Unused amounts reversed	(72)	(104)
Amounts written off as uncollectable	(130)	(148)
Balance at 31 March 2014	237	229



The ageing of trade receivables, net of impairment provisions, at the balance sheet date, was as follows:

	2014 £'000	2013 £'000
Not past due	4,652	6,339
1–30 days past due	1,337	1,197
31–60 days past due	118	125
61–90 days past due	80	17
91–120 days past due	31	24
Balance at 31 March 2014	6,218	7,702

A maturity analysis of financial liabilities is as follows:

	2014			2013		
	Due within 1 year £'000	1–5 years £'000	Total £'000	Due within 1 year £'000	1–5 years £'000	Total £'000
Bank overdraft	–	–	–	1,249	–	1,249
Borrowings	275	533	808	265	810	1,075
Finance lease liabilities	20	35	55	20	55	75
Other non-current creditors	–	1,000	1,000	–	1,000	1,000
Trade accounts	4,007	–	4,007	4,195	–	4,195
Other payables	1,702	–	1,702	1,444	–	1,444
	6,004	1,568	7,572	7,173	1,865	9,038

Foreign currency risk management

The group acquires goods for sale from overseas which, when not denominated in Sterling, are paid for principally in US Dollars and Euros.

At 31 March 2014 the group had net foreign currency monetary assets of £355,000 (2013: £106,000 liabilities) denominated in US Dollars and net foreign currency liabilities of £307,000 (2013: £314,000 liabilities) denominated in Euros.

The group has entered into forward foreign exchange contracts (all of which are less than twelve months in duration) to buy US dollars and Euros to hedge the exchange rate risk arising from these balances and anticipated future purchases. At the balance sheet date, the total notional value of contracts to which the group was committed was US\$1,700,000 and €693,000 (2013: US\$500,000 and €577,000). The average exchange rate of the US Dollar contracts is 1.64 (2013: 1.52), and of the Euro contracts is 1.21 (2013: 1.18).

The fair value of these derivatives is not significant and so is not separately disclosed. These contracts have not been designated as hedges and accordingly the fair value of the movement has been reflected in the income statement.

Interest rate risk

The group finances its operations through a combination of retained profits and bank loans and overdrafts, on which the group has an exposure to interest rate risk, as the overdrafts are at an interest rate of 2.5% and 3% (2013: 2.5% and 3%) above base rate, and the loan is a rate of 3% above base rate (2013: 3% above base rate). At 31 March 2014 borrowings comprised overdrafts of £nil (2013: £1,249,000) and bank loans of £808,000 (2013: £1,075,000).

Technocover Limited is committed to an enhanced collar agreement, whereby it pays interest on a theoretical loan account balance, by reference to an effective base rate of between 4.41% and 5.98%. At 31 March 2014 the theoretical loan balance was £1,172,000 (2013: £1,535,000) and the effective base rate was 5.98% (2013: 5.98%). The agreement was effected in 2007 and is the subject of a mis-selling claim. In the meantime, the full interest cost is being written off as it arises.

Liquidity risk

Liquidity risk is the risk that companies within the group will encounter difficulty in meeting obligations associated with financial liabilities. To counter this risk, the group operates with a high level of interest cover and at low levels of net debt relative to its net asset value. In addition, it benefits from strong cash flow from its normal trading activities.

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Sensitivity analysis

A requirement of IFRS 7, "Financial Instruments: Disclosures", is that the group is required to disclose the effects on income and equity of specific changes in the economic environment, assuming that all other variables remain constant. The standard does not allow for the calculations to take into account the normal commercial decisions that would be made in reaction to these changes, for example, alternative sourcing of products or finance and changes to pricing structures. Therefore the figures in the following two paragraphs are the hypothetical results of the specified changes, taken in isolation, without consideration for any action by management to moderate the effects, and should be read in this context.

Interest risk sensitivity analysis

The group has used a sensitivity analysis technique that measures the estimated change to the income statement and equity of a 1% change in the base rate, with all other variables remaining constant. This analysis is provided for illustrative purposes only. Profit for the year ending 31 March 2014 and net equity would have increased/decreased by £2,000 (2013: increased/decreased by £15,000).

Currency risk sensitivity analysis

The group has used a sensitivity analysis technique that measures the estimated change to the income statement and equity of a 10% strengthening or weakening in sterling against all other currencies at the year end, with all other variables remaining constant. This analysis is provided for illustrative purposes only. Profit for the year ending 31 March 2014 and net equity would have increased/decreased by £4,000 (2013: increased/decreased by £39,000).

22. Capital Management

The group aims to manage its overall capital so as to ensure that companies within the group continue to operate as going concerns and to maintain sufficient financial flexibility to undertake planned investments, whilst providing an adequate return to shareholders. The group also aims to optimise its capital structure in order to reduce the cost of capital and support the group's operations. The group's capital structure represents the equity attributable to the shareholders of the company together with borrowings, cash and cash equivalents. The group's capital structure is constantly reviewed to ensure that an appropriate level of gearing is being used. At 31 March 2014 borrowings were at a level of 2.3% of shareholders' funds (2013: 22.7%).

23. Share capital

Ordinary share capital

Ordinary Share Capital		2014	2013	
		£'000	£'000	
Authorised:				
37,500,000 Ordinary 10p shares		3,750	3,750	
Allotted, issued and fully paid:				
10p Ordinary Shares				
	2014 Number	2014 £'000	2013 Number	2013 £'000
At 1 April 2013	30,618,074	3,062	30,618,074	3,062
Issued in year	200,000	200	–	–
At 31 March 2014	30,818,074	3,082	30,618,074	3,062

200,000 shares were issued during the year at a price of 25p per share. The excess of the consideration over the nominal value has been credited to the share premium account.

Of the issued share capital, 922,098 shares are held in treasury at the year-end (2013: 322,098). During the year, the company purchased 600,000 of its own shares at an average price of 49 pence per share. The shares were purchased at market price.

Each ordinary share attracts one vote, other than those shares held in treasury which do not have voting rights, and there are no restrictions attached to ordinary shares as to dividends or other distributions.

Ordinary share options granted and subsisting at 31 March 2014 were as follows:

	2014 Number of share options	2014 Weighted average exercise price	2013 Number of share options	2013 Weighted average exercise price
Outstanding and exercisable at the end of the year	–	–	200,000	25.0p



24. Cash flow generated from operations

	2014 £'000	2013 £'000
Cash flows from operating activities		
Profit for the year attributable to equity shareholders	1,102	1,580
Depreciation charge	567	535
Finance costs	301	373
Income tax expense	242	474
Profit on disposal of property, plant & equipment	(3)	(14)
Profit on disposal of asset held for sale	–	(12)
Amortisation of intangible asset	33	34
Charge in respect of enhanced transfer exercise	–	81
Loss on disposal of subsidiary	263	–
Operating cash flow before changes in working capital	2,505	3,051
(Increase)/decrease in inventories	241	112
(Increase)/decrease in receivables	1,163	(1,112)
Increase/(decrease) in payables	(1,125)	443
Cash generated from/(used in) operations	2,784	2,494
Interest paid	(158)	(191)
Income taxes paid	(158)	(170)
Net cash generated from/(used in) operations	2,468	2,133

25. Commitments

Capital commitments

At 31 March 2014 the group had commitments for capital expenditure authorised but not contracted, and not provided for in the financial statements, of £90,000 (2013: £Nil).

Leasing commitments

Group as lessee

At 31 March, the total of future minimum lease payments under non-cancellable operating leases was as follows:

	2014 £'000	2013 £'000
Land and Buildings		
Not later than one year	101	20
Later than one year and not later than five years	57	181
Later than five years	1,093	–
Other equipment		
Not later than one year	18	–
Later than one year and not later than five years	13	46
	1,282	247

The group has commitments under several operating leases for certain of the properties occupied by its operating businesses. Leases have an average term of 4.1 years remaining, with options to extend for varying time periods at rentals to be determined with reference to market rates and/or the retail price index.

Notes to the Financial Statements

continued

Group as lessor

At 31 March, the total of future minimum lease payments under non-cancellable operating leases was as follows:

	2014 £'000	2013 £'000
Land and Buildings		
Not later than one year	49	48
Later than one year and not later than five years	108	–
Later than five years	955	821
	1,112	869

The group has granted several leases to third parties for properties owned by the group. Of the leases that involve commitments, term dates vary from 2016 to 2023, with rentals increasing in accordance with the retail price index.

26. Related party transactions

During the year, transactions between the group and related parties arose as follows:

The group paid £196,000 (2013: £171,000) to a company controlled by the chairman, K A Harrison, in respect of certain of the leases described in note 25 above, plus a lease premium of £25,000 on the commencement of the new lease. There were no amounts outstanding (2013: £Nil) in relation to the leases at 31 March 2014.

Other than as disclosed above, no director had a material interest in any contract to which the group was a party.



Company Balance Sheet

at 31 March 2014

Company number: 00013944

	Note	2014 £'000	2013 £'000
Fixed assets			
Tangible assets	1	4,181	4,105
Investments	2	7,017	8,800
		11,198	12,905
Current assets			
Debtors	3	353	481
Creditors: amounts falling due within one year	4	(2,209)	(2,689)
Net current liabilities		(1,856)	(2,208)
Total assets less current liabilities		9,342	10,697
Creditors: amounts falling due after more than one year	4	(951)	(925)
Provisions for liabilities and charges			
Pension liability	9	(1,789)	(2,117)
		6,602	7,655
Capital and reserves			
Called up share capital	7	3,082	3,062
Share premium account	8	552	522
Revaluation reserve	8	1,039	1,039
Profit and loss account	8	1,929	3,032
Equity shareholders' funds		6,602	7,655

The financial statements were approved and authorised for issue by the board on 12 June 2014 and signed on its behalf by:

A R Harrison }
M A Chadwick } Directors

The notes on pages 43 to 48 form part of these financial statements.

Financials

Statement of Total Recognised Gains and Losses

for the year ended 31 March 2014

	2014 £'000	2013 £'000
(Loss)/profit for the financial year	(609)	2,213
Dividends paid	(389)	(280)
Actuarial gain/(loss) on pension scheme	305	(436)
Movement on deferred tax relating to pension liability	(115)	38
Total recognised gains and losses	(808)	1,535

Note of Historical Cost Profits and Losses

for the year ended 31 March 2014

	2014 £'000	2013 £'000
Reported (loss)/profit on ordinary activities before taxation	(435)	2,383
Difference between the historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	18	18
Historical cost (loss)/profit on ordinary activities before tax	(417)	2,401



Notes to the Company Balance Sheet

for the year ended 31 March 2014

ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, and in accordance with applicable accounting standards under UK GAAP, and are presented as required by the Companies Act 2006.

Tangible fixed assets

Land and buildings are carried at valuation. Revaluations are performed with sufficient regularity such that carrying amounts do not differ materially from those that would be determined using fair values at the end of the reporting period. Where properties are revalued the requirements of the UK GAAP will be met by a full valuation at least every five years and an interim valuation in year 3. Interim valuations in years 1, 2 and 4 should be carried out where it is likely that there has been a material change in value.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold buildings	2% straight line
Plant & Machinery	10% – 33% straight line
Motor Vehicles	25% straight line

Freehold land is not depreciated.

Investments

Investments are stated at cost and are subject to an annual impairment review.

Leases

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership to the company. All other leases are classified as operating leases.

Lease payments in respect of assets held under operating leases are charged directly to the income statement. Payments made to acquire operating leases are treated as prepayments and charged to income during the period of the lease.

Deferred taxation

Deferred tax is recognised on all timing differences where the transaction or events that give the company an obligation to pay more tax in the future, or right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantially enacted by the balance sheet date. The company has not adopted a policy of discounting deferred tax assets or liabilities.

Pensions

The company operates a defined contribution scheme, for which the amount charged to the profit and loss account is the amount of contributions payable in the year.

The defined benefit scheme previously operated by the company closed on 31 March 2006. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits. Actuarial gains and losses are recognised in full as they arise, outside the income statement, as a credit or charge to retained earnings.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Result of the Company

The company has elected to take exemption under section 408 of the Companies Act 2006 to not present the parent company profit and loss account. The company loss for the year is £609,000 (2013: £2,213,000 profit).

Notes to the Company Balance Sheet

continued

1. Tangible fixed assets

	Freehold land and buildings £'000	Plant and equipment £'000	Motor vehicles £'000	Total £'000
Cost or valuation at 1 April 2013	4,067	72	108	4,247
Additions	–	158	–	158
Disposals	–	(8)	–	(8)
Cost or valuation at 31 March 2014	4,067	222	108	4,397
Depreciation at 1 April 2013	44	60	38	142
Charge for the year	37	19	26	82
Disposals	–	(8)	–	(8)
Depreciation at 31 March 2014	81	71	64	216
Net book value at 31 March 2014	3,986	151	44	4,181
Net book value at 31 March 2013	4,023	12	70	4,105

The comparable amounts of land and buildings included above at valuation determined according to the historical cost accounting rules are as follows:

	£'000
Cost	1,461
Accumulated Depreciation	(419)
Net Book Value at 31 March 2014	1,042
Net Book Value at 31 March 2013	1,060

The gross amount of freehold buildings on which depreciation is being provided is £1,832,000 (2013: £1,832,000). The accumulated revaluation surplus on the company's properties is £1,039,000 (2013: £1,039,000).

The company's property at Normanton, West Yorkshire, was revalued at 31 March 2011 on the basis of its Market Value as defined by The Royal Institution of Chartered Surveyors, by A R Argyle, Chartered Surveyors, as an Independent Valuer in accordance with the Appraisal and Valuation Standards of The Royal Institution of Chartered Surveyors resulting in the carrying value of this particular property being reduced by £26,000 to a carrying value of £600,000. The reduction was charged to the revaluation reserve.

In March 2013, the company's properties at Woodville, Stockport and Blackburn were valued by A R Argyle on the same basis. As a result of this review, the carrying values were revised upwards by £140,000.

The company's property at Brackley, Northamptonshire, is being actively marketed and residential planning permission is being sought which will make the property more marketable. It is expected that planning permission will be achieved and, following this, the property will be marketed to residential building contractors. It is held as a separate asset category because it is not used in the business of the group. It was valued at £550,000 at 31 March 2012 by Kirkby and Diamond property consultants on a basis consistent with the relevant RICS Practice Standard. As the difference between this and the carrying value is negligible, the carrying value has not been adjusted.

The properties at Woodville, Blackburn, Normanton and Brackley were revalued in January 2014 on the basis of Market Value as defined by The Royal Institution of Chartered Surveyors, by Roger Hannah and Co, Chartered Surveyors, as an Independent Valuer in accordance with the Appraisal and Valuation Standards of The Royal Institution of Chartered Surveyors. The valuations were not significantly different from the carrying values of the properties in the accounts and so no adjustment has been made for the revaluation. The property at Stockport was not revalued and the directors believe that the value in use is not significantly different from the carrying value.

Plant and machinery having a net book value of £2,000 (2013: £8,000) was subject to finance leases. The depreciation charge on these assets for the year was £7,000 (2013: £7,000).



2. Investments

	Shares in subsidiary undertakings £'000	Loans to subsidiary undertakings £'000	Total £'000
Cost at 1 April 2013	5,265	9,741	15,006
Disposal	(2,087)	–	(2,087)
Net advances	–	155	155
Cost at 31 March 2014	3,178	9,896	13,074
Provision at 1 April 2013	1,753	4,453	6,206
Movement in year	(149)	–	(149)
Provision at 31 March 2014	1,604	4,453	6,057
Balance at 31 March 2014	1,473	5,544	7,017
Balance at 31 March 2013	3,512	5,288	8,800

At 31 March 2014 the company was the beneficial owner of the entire issued share capital and controlled all the votes of its subsidiaries, with the exception of Technocover Limited, which is 90% owned by the company (see note 17 of the group notes). The principal trading subsidiaries are set out on pages 2 and 3.

On 14 February 2014, the entire share capital of CMS Tools Limited was disposed of. Further details are set out in note 2 to the group accounts.

The amounts written off in the year relate to revisions of opinion of the realisable value in the investment of certain subsidiary companies.

3. Debtors

	2014 £'000	2013 £'000
Trade debtors	15	53
Amounts owed by subsidiary undertakings	222	348
Prepayments and accrued income	108	59
Other debtors	5	12
Deferred tax	3	9
	353	481

4. Creditors: amounts falling due within one year

	2014 £'000	2013 £'000
Bank overdraft (note 5)	1,801	2,232
Trade creditors	143	90
Other taxes and social security	20	17
Corporation tax	115	24
Other creditors	11	12
Accruals and deferred income	112	309
Obligations under finance leases	7	5
	2,209	2,689

Creditors: amounts falling due after more than one year

	2014 £'000	2013 £'000
Deferred consideration on acquisition of subsidiary company	951	918
Obligations under finance leases	–	7
	951	925

Notes to the Company Balance Sheet

continued

5. Bank overdrafts and loans

The group's banking facilities are secured by multilateral, joint and several unlimited guarantees given by the company and its subsidiary undertakings. The guarantees are supported by fixed charges over certain freehold properties and book debts and by floating charges over other assets.

The overdraft position of the parent company exceeds that of the group due to the distribution of cash and overdraft balances across the group. The net position of the group at 31 March 2014 is a positive bank balance of £585,000 (2013: £1,249,000 overdrawn).

6. Deferred taxation

	2014 £'000	2013 £'000
Amounts provided:		
Excess of depreciation over tax allowances	2	8
Other timing differences	1	1
Deferred tax debtor	3	9
At 1 April 2013	9	
Deferred tax charged to the profit and loss account	(6)	
At 31 March 2014	3	

7. Share capital

			2014 £'000	2013 £'000
Authorised:				
37,500,000 Ordinary 10p shares			3,750	3,750
Allotted, issued and fully paid:				
10p Ordinary Shares				
	2014 Number	2014 £'000	2013 Number	2013 £'000
At 1 April 2013	30,618,074	3,062	30,618,074	3,062
Issued in year	200,000	20	—	—
At 31 March 2014	30,818,074	3,082	30,618,074	3,062

200,000 shares were issued during the year at a price of 25p per share. The excess of the consideration over the nominal value has been credited to the share premium account.

Of the issued share capital, 922,098 shares are held in treasury at the year-end (2013: 322,098). During the year, the company purchased 600,000 of its own shares at an average price of 49 pence per share. The shares were purchased at market price.

Of the issued share capital, 922,098 shares are held in treasury at the year-end (2013: 322,098).

Each ordinary share attracts one vote, other than those shares held in treasury which do not have voting rights, and there are no restrictions attached to ordinary shares as to dividends or other distributions.

Ordinary share options granted and subsisting at 31 March 2014 were as follows:

	2014 Number of share options	2014 Weighted average exercise price	2013 Number of share options	2013 Weighted average exercise price
Outstanding and exercisable at the end of the year	–	–	200,000	25.0p



8. Reserves

	Share Premium £'000	Revaluation Reserve £'000	Profit and Loss Account £'000
At 1 April 2013	522	1,039	3,032
Loss for the year	-	-	(609)
Issue of shares	30	-	-
Other recognised gains/(losses) for the year	-	-	190
Purchase of own shares	-	-	(295)
Dividends paid	-	-	(389)
At 31 March 2014	552	1,039	1,929

9. Pensions

	2014 £'000	2013 £'000
Deficit in pension fund	2,264	2,749
Related deferred tax asset	(475)	(632)
Net liability	1,789	2,117

The company operates both defined benefit and defined contribution schemes. The defined benefit scheme was closed to new members with effect from 1 April 2002 and ceased accrual of benefits with effect from 31 March 2006.

Full details of the actuarial assumptions, market value and assets and liabilities of the scheme are detailed in note 15 to the group accounts. The related deferred tax asset is detailed in note 18 to the group accounts.

10. Commitments

Capital commitments

At 31 March 2014 and 31 March 2013 the company had no commitments for capital expenditure contracted but not provided for in the financial statements.

Leasing commitments

At 31 March 2014 the company had annual commitments under operating leases as follows:

	Land and buildings		Other	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Expiring within one year	-	3	-	-
Expiring between two and five years	-	-	-	-
Expiring after more than five years	17	-	-	-
	17	3	-	-

Guarantees

The company has guaranteed the bank overdrafts of certain subsidiary undertakings. The net amount so guaranteed is £Nil (2013: £Nil). The company is also a member of a VAT group, together with certain of the subsidiaries, and has guaranteed the total liability of the VAT group at 31 March 2014 of £657,000 (2013: £273,000).

11. Related party transactions

During the year, transactions between the group and related parties arose as follows:

The company paid £15,000 (2013: £11,000) to a company controlled by the Chairman, K A Harrison, in respect of certain of the leases described in note 10 above, plus a lease premium of £25,000 on the commencement of a new lease. There were no amounts outstanding in relation to the leases at 31 March 2014 (2013: £Nil).

Other than as disclosed above, no director had a material interest in any contract to which the group was a party.

The company leased properties to subsidiary companies for use in their businesses, receiving a total of £130,000 in this respect (2013: £146,000). There were no amounts outstanding in relation to the leases at 31 March 2014 (2013: £Nil).

