

**CALDER INDUSTRIAL MATERIALS LIMITED**

**Report and Financial Statements**

**31 May 2006**



# **CALDER INDUSTRIAL MATERIALS LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2006**

<b>CONTENTS</b>	<b>Page</b>
<b>Directors' report</b>	<b>1</b>
<b>Statement of directors' responsibilities</b>	<b>5</b>
<b>Independent auditors' report</b>	<b>6</b>
<b>Profit and loss account</b>	<b>7</b>
<b>Balance sheet</b>	<b>8</b>
<b>Notes to the financial statements</b>	<b>9</b>

# **CALDER INDUSTRIAL MATERIALS LIMITED**

## **DIRECTORS' REPORT**

The directors present their annual report on the affairs of the company, together with the financial statements and independent auditors' report, for the year ended 31 May 2006

### **Principal activities**

The principal activities of the company are the production of lead sheet, the distribution of metal roofing products and the manufacture of specialised lead products for a wide range of industrial applications

### **Subsidiary Undertakings**

The subsidiary undertakings held by the company are listed in note 10 to the financial statements. Consolidated financial statements are not presented as the company takes advantage of the exemption afforded by section 228 of the Companies Act 1985

### **Acquisition by Stamptree Ltd**

On 8<sup>th</sup> March 2006 the group headed by Calder Holdings Ltd, of which the company forms a part, was acquired by Stamptree Ltd

### **Business Review**

The year to May 2006 was the first full year of trading after completion of the restructuring of the two UK lead businesses onto one site at Chester and the appointment of a new management team

Sales volume grew by 3% - reflecting mainly strengthening of the price of lead – the main raw material of the business

Gross profit improved from 11.6% to 12.5% of sales as a result of action to improve the product mix - by concentrating on higher margin product lines - and due to an ongoing programme of investment to improve productivity

Distribution costs were cut by approximately £250k and administrative expenses were reduced by approximately £500k as a result of efforts to improve productivity across the business

The loss before interest and tax was reduced from £1.25m to £186k

The Management are confident that the scale of improvement achieved in the 12 months to May 2006 represents only the first phase of the turn-round initiative that is being undertaken, and that the same rate of progress in profit improvement can be sustained into the future

## **PRINCIPAL RISKS AND UNCERTAINTIES**

The company's management continuously assess threats to the business and develop plans in order to safeguard the future of the business. The major external risks and uncertainties associated with the business may be categorised as follows

### **Competitors**

Competitive pressure in the UK and from Europe is a continuing risk for the company, which could result in lost sales to its key customers. The company manages this risk by providing added value services to its customers where appropriate, maintaining competitive selling prices, supplying quality performing products that meet customer needs and requirements, providing fast response times to customer enquiries and queries, introducing state of the art machinery which reduce lead times for the supply of products, and by maintaining strong relationships with customers at all levels within the company

### **Foreign Currency**

Some of the company's sales were in foreign currency, exposing the company to movements in exchange rates. The company has largely eliminated this threat by forward selling net foreign currency receipts

# **CALDER INDUSTRIAL MATERIALS LIMITED**

## **DIRECTORS' REPORT**

### **Lead Prices**

As lead is the primary constituent of all the company's products, fluctuation in the lead price is considered an external risk to the ongoing level of performance of the company. The significant increase in the lead price during the year under review, and its continuation into the following year, has created uncertainty in the market place, but through careful management of the supply cycle, close management of selling prices, and the matching of sales contract prices directly to the London Metal Exchange (LME), the company has mitigated the effects of this risk.

### **Customer Activities**

The company has a small number of key customers whose loss would adversely impact the company's sales and profits. Other than competitor pricing, business may be lost due to customer re-sourcing activities (for example dual sourcing), product redesign, product substitution, or loss of market share. To manage this risk the company keeps performance under regular review and maintains close relationships, to ensure that the needs and requirements of these customers are met.

## **ENVIRONMENT**

The company recognises the importance of its environmental responsibilities, and implements responsible policies for the management of occupational risk, energy consumption, emissions and waste.

The percentage of the company's raw material usage that is derived from sources of recycled lead increased to over 90% during the year.

## **EMPLOYEES**

Details of the number of employees and related costs can be found in note 6 on page 12.

## **FINANCIAL RISK MANAGEMENT**

Funding and liquidity management are managed on a centralised basis by the Group Finance function. The objectives are to protect the assets of the Group and to identify and then manage financial risk. These risks are described further below.

### **Interest Rate Risk**

The Group finances its operations through a mixture of retained profits and borrowing facilities at fixed and floating interest rates. The board consider the risk from significant interest rate fluctuation is acceptable.

### **Currency Risk**

The Group has transactional currency exposures arising from sales and purchases by operating subsidiaries in currencies other than the subsidiaries functional currency. Under the Group's foreign exchange policy, where practicable such transaction exposures are hedged, mainly through natural hedging of sales and purchases in such currencies. See note on page 1 for the Company's approach to currency risk.

### **Liquidity Risk**

The Group maintains committed facilities that are designed to ensure sufficient funding for operations and planned expansions.

### **Credit Risk**

The Group is exposed to credit-related losses in the event of non-performance by counterparties to financial instruments. Credit risk is mitigated by the Group's policy of only selecting counterparties with a strong long term credit rating and assigning financial limits to individual counterparties.

The Group's and Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers, across several countries.

# **CALDER INDUSTRIAL MATERIALS LIMITED**

## **DIRECTORS' REPORT**

### **Price risk**

The Group is exposed to commodity price risk and uses various price matching and hedging techniques/instruments to manage risk

Each subsidiary has a hedging policy based on well established methodologies. The policy is reviewed and endorsed by the Board and each Managing Director has an agreed maximum exposure level. The Company's approach to managing commodity price risk is explained on page 2 above

### **Results and dividends**

The audited financial statements for the year ended 31 May 2006 are set out on pages 7 to 21. The directors do not recommend a payment of a dividend (2005 nil)

### **Directors**

The directors who served during the year, and subsequently, were as follows

J I Walker (resigned 8 March 2006)  
J L Hudson (resigned 8 March 2006)  
M Bailey  
B Travers  
A Donald  
P Walters (appointed 22 June 2007)

The directors who held office at 31 May 2006 had no interests in the shares of the company. The interests of the directors in the company's parent undertaking are disclosed in the financial statements of that company

Each of the persons who is a director at the date of approval of this report confirms that

- (1) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- (2) the directors has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

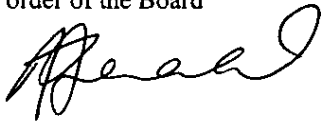
# **CALDER INDUSTRIAL MATERIALS LIMITED**

## **DIRECTORS' REPORT**

### **Auditors**

It is the proposal at the forthcoming Annual General Meeting that Deloitte & Touche LLP should not be re-appointed as auditors for the ensuing year PricewaterhouseCoopers have expressed their willingness to act as auditors and, accordingly, a resolution to appoint them as auditors for the ensuing year will be proposed at the forthcoming Annual General Meeting

By order of the Board

A handwritten signature in black ink, appearing to read 'A Donald', written over a horizontal line.

A Donald

Director

20 August 2007

Jupiter Drive

Chester

CH1 4EX

# **CALDER INDUSTRIAL MATERIALS LIMITED**

## **STATEMENT OF 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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CALDER INDUSTRIAL MATERIALS LIMITED**

We have audited the financial statements of Calder Industrial Materials Limited for the year ended 31 May 2006 which comprise the profit and loss account, the balance sheet, and the related notes 1 to 23. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 May 2006 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

*Deloitte & Touche LLP*

**Deloitte & Touche LLP**

Chartered Accountants and Registered Auditors

Birmingham, United Kingdom

20 August 2007



# CALDER INDUSTRIAL MATERIALS LIMITED

## PROFIT AND LOSS ACCOUNT

Year ended 31 May 2006

	Notes	2006 £'000	2005 £'000
Turnover	2	23,866	23,039
Cost of sales		(20,879)	(20,361)
<b>Gross profit</b>		<b>2,987</b>	<b>2,678</b>
Distribution costs		(1,014)	(1,266)
Administrative expenses (including exceptional items)	3	(2,159)	(2,663)
<b>Loss before interest</b>		<b>(186)</b>	<b>(1,251)</b>
Interest payable and similar charges	4	(222)	(395)
<b>Loss on ordinary activities before taxation</b>	5	<b>(408)</b>	<b>(1,646)</b>
Tax on loss on ordinary activities	8	-	-
<b>Loss for the year</b>	18	<b>(408)</b>	<b>(1,646)</b>

All activities are derived from continuing operations

The accompanying notes are an integral part of this profit and loss account

There are no recognised gains or losses in either year other than the result for that year

# CALDER INDUSTRIAL MATERIALS LIMITED

## BALANCE SHEET

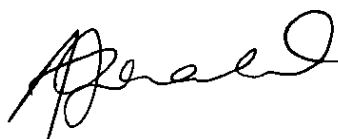
31 May 2006

	Notes	2006 £'000	2005 £'000
<b>Fixed assets</b>			
Tangible assets	9	3,613	3,538
Investments	10	525	525
		<u>4,138</u>	<u>4,063</u>
<b>Current assets</b>			
Stocks	11	1,607	1,812
Debtors			
- due within one year	12	10,698	14,143
Cash at bank and in hand		59	78
		<u>12,364</u>	<u>16,033</u>
<b>Creditors. Amounts falling due within one year</b>	13	<u>(9,347)</u>	<u>(12,373)</u>
<b>Net current assets</b>		<u>3,017</u>	<u>3,660</u>
<b>Total assets less current liabilities</b>		<u>7,155</u>	<u>7,723</u>
<b>Creditors' Amounts falling due after more than one year</b>	14	(116)	(276)
<b>Provisions for liabilities and charges</b>	16	<u>(207)</u>	<u>(207)</u>
<b>Net assets</b>		<u><u>6,832</u></u>	<u><u>7,240</u></u>
<b>Capital and reserves</b>			
Called-up share capital	17	8,000	8,000
Profit and loss account	18	<u>(1,168)</u>	<u>(760)</u>
<b>Equity Shareholders' funds</b>	19	<u><u>6,832</u></u>	<u><u>7,240</u></u>

The accompanying notes are an integral part of this balance sheet

The financial statements were approved by the Board on 20 August 2007

Signed on its behalf by



A Donald

Director

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 May 2006**

**1. ACCOUNTING POLICIES**

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

**Basis of accounting**

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

The company has taken advantage of the exemption from preparing consolidated financial statements afforded by Section 228 of the Companies Act 1985 because it is a wholly owned subsidiary of Stampree Limited which prepares consolidated financial statements which are publicly available. The company is also, on this basis, exempt from the requirements of FRS 1 to present a cash flow statement.

**Turnover**

Turnover comprises the value of sales (excluding trade discounts, allowances and VAT) of goods and services in the normal course of business.

**Tangible fixed assets**

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is provided on all tangible fixed assets, other than assets in the course of construction, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its estimated useful life, as follows:

Leasehold improvements	over the term of the lease
Plant and machinery	2-25 years

**Stocks**

All stocks are stated in the balance sheet at the lower of cost and net realisable value on the first in first out (FIFO) method. Cost includes related production overheads and other costs which have contributed towards bringing the stocks to their present location and condition.

**Investments**

Fixed asset investments are shown at cost less provision for impairment.

**Taxation**

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

# CALDER INDUSTRIAL MATERIALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 May 2006

### 1. ACCOUNTING POLICIES (continued)

#### Pension costs

For defined benefit schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The regular cost is calculated so that it represents a substantially level percentage of current and future payroll costs. Variations from regular cost are charged or credited to the profit and loss account as a constant percentage of payroll over the estimated average remaining working life of scheme members. Defined benefit schemes are externally funded, with the assets of the scheme held separately from those of the company in separate trustee administered funds. Differences between amounts charged to the profit and loss account and amounts funded are shown as either provisions or prepayments in the balance sheet.

#### Research and development

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

#### Leases

Assets held under finance leases, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to provide a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

### 2. TURNOVER

All of the company's turnover originated in the United Kingdom.

Turnover by class of business was as follows:

	2006 £'000	2005 £'000
Manufacture and sale of lead products	23,866	23,039

Turnover by geographical destination was as follows:

	2006 £'000	2005 £'000
Europe		
- UK	22,581	21,255
- Other	1,102	1,127
Rest of the World	183	657
	23,866	23,039

# CALDER INDUSTRIAL MATERIALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 May 2006

### 3. ADMINISTRATIVE EXPENSES

Included within administrative expenses are exceptional operating administrative expenses as follows

	2006 £'000	2005 £'000
Reorganisation costs	52	441

The exceptional costs have had no impact on the tax charge for the year

### 4. INTEREST PAYABLE AND SIMILAR CHARGES

	2006 £'000	2005 £'000
Bank loans and overdrafts	190	347
Finance leases and hire purchase contracts	32	48
	222	395

### 5. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The loss on ordinary activities before taxation is stated after charging/ (crediting)

	2006 £'000	2005 £'000
Depreciation of tangible fixed assets		
- owned	286	282
- held under finance leases and hire purchase contracts	104	130
Operating lease rentals		
- plant and machinery	37	35
- other	418	411
Auditors' remuneration		
- audit fees payable to Deloitte & Touche LLP	30	22
Rent receivable	(72)	(72)

Amounts payable to Deloitte & Touche LLP by the company in respect of non-audit services were £1,025 (2005 £nil)

# CALDER INDUSTRIAL MATERIALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 May 2006

### 6. STAFF COSTS

Particulars of employees (including executive directors) are as shown below

	2006 £'000	2005 £'000
Wages and salaries	2,505	2,854
Social security costs	232	259
Other pension costs	195	92
	<u>2,932</u>	<u>3,205</u>

The average monthly number of persons employed by the company during the year was as follows

	2006 Number	2005 Number
Production	81	90
Selling and distribution	14	12
Administration and management	21	23
	<u>116</u>	<u>125</u>

### 7. DIRECTORS' REMUNERATION AND TRANSACTIONS

#### Directors' remuneration

	2006 £'000	2005 £'000
Emoluments	329	347
Company contributions to defined benefit pension schemes	5	12
Compensation for loss of office	-	118
	<u>334</u>	<u>477</u>

One of the directors was a member of a defined benefit pension scheme during the year (2005 two)

#### Highest paid director

The above amounts for remuneration include the following in respect of the highest paid director

	2006 £'000	2005 £'000
Emoluments	<u>150</u>	<u>108</u>

#### Directors' transactions

No other transactions have taken place with directors during the year or the preceding year

# CALDER INDUSTRIAL MATERIALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 May 2006

### 8. TAX ON (LOSS) ON ORDINARY ACTIVITIES

There is no current tax charge in either year due to the incidence of losses sustained

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the (loss) before tax is as follows

	2006 £'000	2005 £'000
<b>Loss on ordinary activities before tax</b>	<b>(408)</b>	<b>(1,646)</b>
Tax on loss on ordinary activities at standard UK corporation tax rate of 30% (2005 – 30%)	(122)	(494)
Effects of		
Capital allowances in excess of depreciation	103	(17)
Other timing differences	(2)	3
Expenses not deductible for tax purposes	2	90
Losses carried forward to future periods	19	418
<b>Current tax charge for year</b>	<b>-</b>	<b>-</b>

# CALDER INDUSTRIAL MATERIALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 May 2006

### 9. TANGIBLE FIXED ASSETS

	Leasehold improvements £'000	Plant and machinery £'000	Total £'000
<b>Cost</b>			
At 1 June 2005	904	6,524	7,428
Additions	-	498	498
Disposals	-	(108)	(108)
	<hr/>	<hr/>	<hr/>
At 31 May 2006	904	6,914	7,818
<b>Depreciation</b>			
At 1 June 2005	151	3,739	3,890
Charge for the year	38	352	390
Disposals	-	(75)	(75)
	<hr/>	<hr/>	<hr/>
At 31 May 2006	189	4,016	4,205
<b>Net book value</b>			
At 31 May 2006	<hr/> 715 <hr/>	<hr/> 2,898 <hr/>	<hr/> 3,613 <hr/>
At 31 May 2005	<hr/> 753 <hr/>	<hr/> 2,785 <hr/>	<hr/> 3,538 <hr/>

The net book value of fixed assets included £1,405,000 (2005 - £1,562,000) in respect of assets held under finance leases and hire purchase contracts



# CALDER INDUSTRIAL MATERIALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 May 2006

### 10. FIXED ASSET INVESTMENTS

	Subsidiary undertakings £'000
<b>Cost and net book value</b>	
At 1 <sup>st</sup> June 2005 and 31 May 2006	525

The company has shareholdings in the following subsidiary undertakings

Subsidiary undertakings	Country of incorporation or registration	Principal Activity	Class of shares held	% Holding
CIM Investments Limited	England and Wales	Dormant	Ordinary	100
Associated Lead Manufacturers Limited	England and Wales	Dormant	Ordinary	100
Calder Metal Processors Limited	England and Wales	Dormant	Ordinary	100
Fab Cast Engineering Limited	England and Wales	Dormant	Ordinary	100

### 11. STOCKS

	2006 £'000	2005 £'000
Raw materials and consumables	722	993
Work-in-progress	373	392
Finished goods and goods for resale	512	427
	<u>1,607</u>	<u>1,812</u>

There is no material difference between the balance sheet value of stocks and their replacement cost

### 12. DEBTORS

	2006 £'000	2005 £'000
Due within one year		
Trade debtors	5,078	4,334
Amounts owed by other group undertakings	5,382	6,877
Other debtors	96	2,717
Prepayments and accrued income	142	215
	<u>10,698</u>	<u>14,143</u>

# CALDER INDUSTRIAL MATERIALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 May 2006

### 13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006 £'000	2005 £'000
Bank overdraft (secured)	4	53
Bank loans (secured)	2,723	4,433
Obligations under finance leases and hire purchase contracts	151	170
Trade creditors	1,532	809
Amounts owed to other group undertakings	3,167	5,212
Taxation and social security	107	120
VAT payable	620	632
Government grants	90	105
Other creditors	1	78
Accruals and deferred income	952	761
	<u>9,347</u>	<u>12,373</u>

### 14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2006 £'000	2005 £'000
Obligations under finance leases and hire purchase contracts	<u>116</u>	<u>276</u>
	<u>116</u>	<u>276</u>

The finance leases are secured on the assets to which they relate

The company has granted a fixed and floating charge over all its assets to secure the bank borrowings

# CALDER INDUSTRIAL MATERIALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 May 2006

### 15 BORROWINGS

The maturity of the borrowings is as follows

	2006 £'000	2005 £'000
<b>Bank loans and overdraft</b>		
In more than one year but not more than two years	-	-
	<hr/>	<hr/>
In one year or less, or on demand	2,727	4,486
	<hr/>	<hr/>
	<u>2,727</u>	<u>4,486</u>
	<hr/>	<hr/>
<b>Finance leases</b>		
In more than one year but not more than two years	116	153
In more than two years but not more than five years	-	123
	<hr/>	<hr/>
	116	276
In one year or less, or on demand	151	170
	<hr/>	<hr/>
	<u>267</u>	<u>446</u>
	<hr/>	<hr/>
<b>Total borrowings including finance leases</b>		
In more than one year but not more than two years	116	153
In more than two years but not more than five years	-	123
	<hr/>	<hr/>
	116	276
In one year or less, or on demand	2,878	4,656
	<hr/>	<hr/>
	<u>2,994</u>	<u>4,932</u>
	<hr/>	<hr/>

# CALDER INDUSTRIAL MATERIALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 May 2006

### 16 PROVISIONS FOR LIABILITIES AND CHARGES

Provisions for liabilities and charges comprises

	2006 £'000	2005 £'000
Deferred taxation	207	207

The deferred taxation balance at 31 May 2006 is made up as follows

	2006 £'000	2005 £'000
	Provided	
Accelerated capital allowances	53	275
Other timing differences	(53)	(46)
Losses carried forward	-	(229)
Heldover chargeable gains	207	207
	207	207

In addition there is an unrecognised deferred tax asset in respect of unrelievable tax losses carried forward of £1,788,000 as at 31 May 2006 which would be capable of being offset against future profits arising from the same trade

In March 2007 the UK Government announced that they would introduce legislation that would reduce the corporation tax rate to 28% with effect from 1 April 2008. This legislation was substantively enacted in June 2007. Because the change is now enacted the deferred tax liability, currently stated at 30% of the temporary differences, will be restated at 28% of those amounts. In addition the effective tax rate for the period to 31 May 2008 will reduce accordingly.

### 17. CALLED-UP SHARE CAPITAL

	2006 £'000	2005 £'000
<i>Authorised, allotted, called up and fully paid</i> 8,000,000 ordinary shares of £1 each	8,000	8,000

# CALDER INDUSTRIAL MATERIALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 May 2006

### 18 RESERVES

	Profit and loss account £'000
At 1 June 2005	(760)
Loss for the year	(408)
At 31 May 2006	<u>(1,168)</u>

### 19 RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	2006 £'000	2005 £'000
Loss for the financial year before dividends	(408)	(1,646)
Net decrease in shareholders' funds	(408)	(1,646)
Opening shareholders' funds	7,240	8,886
Closing shareholders' funds	<u>6,832</u>	<u>7,240</u>

### 20 GUARANTEES AND OTHER FINANCIAL COMMITMENTS

#### a) Capital commitments

There were no capital commitments at 31 May 2006 (2005 nil)

#### b) Lease commitments

Annual commitments under non-cancellable operating leases are as follows

	2006		2005	
	Land and buildings £'000	Other £'000	Land and Buildings £'000	Other £'000
Expiry date				
- within one year	18	-	-	6
- between two and five years	54	30	72	24
- after five years	342	-	342	-
	<u>414</u>	<u>30</u>	<u>414</u>	<u>30</u>

#### c) Forward contracts

The company has, in the normal course of business entered into forward contracts to purchase and sell lead  
At 31 May 2006 there were outstanding commitments to buy lead totalling £1,083,430 (2005 £583,000)

#### d) Financial guarantees

The company is party to cross guarantees in respect of loans held by other group undertakings

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Year ended 31 May 2006**

**21. PENSION ARRANGEMENTS**

The company provides pension arrangements to the majority of full time employees through a defined benefit scheme operated by the Calder Group Limited and the related costs are assessed in accordance with the advice of professionally qualified actuaries

Details of the most recent actuarial valuation of the scheme, which was conducted as at 6 April 2005 using the projected unit method, are as follows

**FRS 17 disclosures**

Details of the most recent actuarial valuation of the scheme, which was conducted as at 6 April 2005 using the projected unit method are as follows

Main assumptions (% pa)

- rate of increase in salaries	3 1
- rate of increase in pensions in payment	3 1
- return on scheme investments	6 9

Results

- market value of scheme's assets (£'000)	13,724
- level of funding (%)	83

The contribution rate for 2006 was 15 5% (2005 – 15 5%) of pensionable earnings

In accordance with FRS 17, the company will account for its contributions to the scheme as if it was a defined contribution scheme because it is not possible to identify the company's share of the assets and liabilities in the scheme on a consistent and reasonable basis. The latest actuarial valuation of the scheme, prepared for the purposes of making the transitional disclosures in accordance with FRS 17 in the consolidated financial statements of the parent company, shows a deficit of £2,000,000 (2005 £2,051,000) as below. Further details of this valuation can be found in the financial statements of Stamptree Limited and subsidiary undertakings. Copies of the financial statements can be obtained from Jupiter Drive, Chester West Employment Park, Chester, CH1 4EX

The major assumptions used for the actuarial valuation were

	2006	2005	2004
Rate of increase in salaries	3 10%	2 70%	3 10%
Rate of increase in pensions in payment	3 10%	2 70%	3 10%
Discount rate	5 20%	5 20%	5 85%
Inflation assumption	3 10%	2 70%	3 10%
Increase to deferred benefits during deferment	3 10%	2 70%	3 10%

# CALDER INDUSTRIAL MATERIALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 May 2006

### 21. PENSION ARRANGEMENTS (continued)

The fair value of the assets in the schemes, the present value of the liabilities in the schemes and the expected rate of return at the balance sheet date were

	2006 %	2006 £'000	2005 %	2005 £'000	2004 %	2004 £'000
Equities and property	7.6	11,241	7.4	9,238	8.1	8,500
Bonds	4.6	2,439	4.4	2,281	5.0	1,117
Others	3.0	44	3.0	38	3.0	755
		<u>13,724</u>		<u>11,557</u>		<u>10,372</u>
Present value of the scheme liabilities		(16,581)		(14,487)		(12,979)
Deficit in scheme		(2,857)		(2,930)		(2,607)
Related deferred tax asset		857		879		782
		<u>(2,000)</u>		<u>(2,051)</u>		<u>(1,825)</u>
Net pension liability						

### 22. RELATED PARTY TRANSACTIONS

As a subsidiary undertaking of Stamptree Limited, the company has taken advantage of the exemption in FRS 8 'Related party disclosures' from disclosing transactions with other members of the group headed by Calder Finco UK Limited

### 23. ULTIMATE PARENT COMPANY

The directors regard Calder Group Limited as the immediate parent company. Calder Group Limited is wholly owned by Calder Finco UK Limited, who is the ultimate parent and ultimate controlling party.

Stamptree Limited is the parent company of the largest and smallest group of which the company is a member and for which group financial statements are drawn up. Copies of the financial statements are available from Jupiter Drive, Chester, CH1 4EX.