

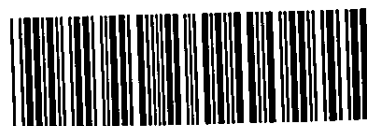
Company registration number: 00028073

CALDER INDUSTRIAL MATERIALS LIMITED

Report and financial statements for the year ended

31 May 2011

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CALDER INDUSTRIAL MATERIALS LIMITED

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CALDER INDUSTRIAL MATERIALS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

M Bailey
B Travers
A Donald
P Walters
M Henderson

SECRETARY

M Henderson

REGISTERED OFFICE

Jupiter Drive
Chester West Employment Park
Chester
CH1 4EX

BANKERS

Royal Bank of Scotland plc
Corporate Banking London
9th Floor
280 Bishopsgate
London
EC2M 4RB

SOLICITORS

DLA Piper UK LLP
Victoria Square House
Victoria Square
Birmingham
B2 4DL

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
101 Barbirolli Square
Lower Mosley Street
Manchester
M2 3PW

CALDER INDUSTRIAL MATERIALS LIMITED

DIRECTORS' REPORT

The directors present their annual report on the affairs of the company (registered number 00028073) together with the audited financial statements for the year ended 31 May 2011

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

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

Management are pleased to report another excellent performance from the business, in light of the ongoing global economic crisis

Turnover has increased 9% year-on-year, but this was predominantly due an increase in lead prices on the LME throughout the year, as the actual lead volumes have fallen slightly (2%) year-on-year

However, despite this small reduction in lead volumes, the strategy taken by the business to branch out into new, more profitable markets, has resulted in the operating profit increasing 11% year on year, from £1.8 million to £2.0 million

In our Building Products division, we remain confident that the roofing products market will not fall any further than current volumes, as the repairs and maintenance markets appear to be resilient and that an upturn in the building sector will see volumes increase again in line with previous years

In our Engineering Products division, we will continue to broaden our portfolio offering of products, in robust existing markets, which have shown a remarkable resilience during the recession, and also into new markets at home and abroad

The directors remain confident about the prospects for the future, as the company continues to trade well despite the current economic climate and is well placed to benefit from the economic upturn

RESULTS AND DIVIDENDS

The directors have approved a payment of a dividend of £2 million (2010: £nil). The dividend was settled via the intercompany account with the parent company so no cash changed hands

The result for the year is shown on page 10

The balance sheet on page 11 of the financial statements shows that the company's net current assets have remained a similar level during the year, despite a significant dividend payment to the parent company, made during the year, without which the company's net current assets would have increased by 19% to £11.8 million

DIRECTORS

The directors who served during the year and up to the date of signing the financial statements were as follows

M Bailey
B Travers
A Donald
P Walters
M Henderson
T Neal (resigned 30 June 2010)

DISABLED EMPLOYEES

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees

CALDER INDUSTRIAL MATERIALS LIMITED

DIRECTORS' REPORT (continued)

EMPLOYEE CONSULTATION

The company places considerable value on the involvement of its employees and keeps them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through formal and informal meetings and team briefings. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

DIRECTORS' INDEMNITIES

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

KEY PERFORMANCE INDICATORS (KPIs)

The company directors use various KPIs to monitor and benchmark the effectiveness of the company's performance and position. These include metrics for profitability, productivity, employee contribution and asset turn.

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 the company) and to identify and then manage financial risk. These risks are described further below.

Interest rate risk

The company finances its operations through a mixture of retained profits, invoice discounting, hire purchase and finance leases. Interest rate risk on hire purchase and finance leases is managed by fixing interest at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The Board considers the risk from significant interest rate fluctuations on other borrowings to be minimal.

Currency risk

The company has transactional currency exposures arising from sales and purchases other than the functional currency. Under the company's foreign exchange policy, where practicable, such transaction exposures are hedged, mainly through natural hedging of sales and purchases in such currencies.

Liquidity risk

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

Credit risk

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

The company's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of provisions for doubtful debts. An impairment provision is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

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

Price risk

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

There is a hedging policy based on well established methodologies. The policy is reviewed and endorsed by the Board.

CALDER INDUSTRIAL MATERIALS LIMITED

DIRECTORS' REPORT (continued)

OTHER RISKS AND UNCERTAINTIES

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 value added 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.

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.

STATEMENT ON DISCLOSURE OF INFORMATION TO AUDITORS

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

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

IndependantAuditors

A resolution to re-appoint PricewaterhouseCoopers LLP as auditors for the ensuing year will be proposed at the forthcoming Annual General Meeting.

On behalf of the Board



M Henderson
Director
30 March 2012

CALDER INDUSTRIAL MATERIALS LIMITED

STATEMENT OF DIRECTORS' REPOSNSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

By order of the Board,



M Henderson
Director
30 March 2012

CALDER INDUSTRIAL MATERIALS LIMITED

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 2011 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 7 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 May 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

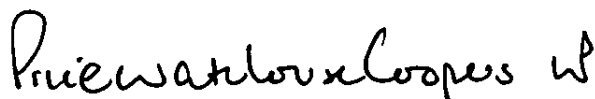
CALDER INDUSTRIAL MATERIALS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CALDER INDUSTRIAL MATERIALS LIMITED (continued)

Matters on which we are required to report by exception

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

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



Martin Heath (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Manchester

30 March 2012

CALDER INDUSTRIAL MATERIALS LIMITED

PROFIT AND LOSS ACCOUNT Year ended 31 May 2011

	Notes	2011 £'000	2010 £'000
Turnover	2	36,150	33,018
Cost of sales		<u>(30,757)</u>	<u>(27,962)</u>
Gross profit		5,393	5,056
Distribution costs		(861)	(796)
Administrative expenses		<u>(2,527)</u>	<u>(2,453)</u>
Operating profit		2,005	1,807
Interest receivable and similar income	3	829	757
Interest payable and similar charges	3	<u>(958)</u>	<u>(862)</u>
Profit on ordinary activities before taxation	4	1,876	1,702
Tax on profit on ordinary activities	7	<u>(198)</u>	<u>(484)</u>
Profit for the financial year	18	<u>1,678</u>	<u>1,218</u>

All results relate to continuing operations

There is no material difference between the profit on ordinary activities before taxation and the profit for the year stated above and their historical cost equivalents

The notes on pages 13 to 30 form an integral part of the financial statements

CALDER INDUSTRIAL MATERIALS LIMITED

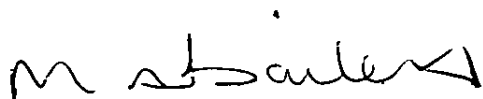
BALANCE SHEET

As at 31 May 2011

	Notes	2011 £'000	2010 £'000
Fixed assets			
Tangible assets	9	2,857	2,705
Investments	10	1,180	1,180
		<u>4,037</u>	<u>3,885</u>
Current assets			
Stocks	11	3,505	2,335
Debtors	12	14,604	14,633
Cash at bank and in hand		43	315
		<u>18,152</u>	<u>17,283</u>
Creditors amounts falling due within one year	13	<u>(8,328)</u>	<u>(7,363)</u>
Net current assets		9,824	9,920
Total assets less current liabilities		13,861	13,805
Creditors amounts falling due after more than one year	14	(303)	-
Provisions for liabilities and charges	16	<u>(344)</u>	<u>(241)</u>
Net assets excluding pension liability		13,214	13,564
Pension liability	21	<u>(3,274)</u>	<u>(2,322)</u>
Net assets including pension liability		<u>9,940</u>	<u>11,242</u>
Capital and reserves			
Called up share capital	17	8,000	8,000
Profit and loss account	18	1,940	3,242
Total shareholders' funds	19	<u>9,940</u>	<u>11,242</u>

The notes on pages 13 to 30 form an integral part of the financial statements

The financial statements on pages 10 to 30 were approved by the board of directors on 30 March 2012 and were signed on its behalf by



M Bailey

Director

CALDER INDUSTRIAL MATERIALS LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

Year ended 31 May 2011

	Notes	2011 £'000	2010 £'000
Profit for the financial year	18	1,678	1,218
Actuarial loss on pension scheme	21	(1,324)	(2,686)
Movement on deferred tax relating to pension scheme deficit	21	344	749
Total recognised gains/(losses) relating to the year		698	(719)

The notes on pages 13 to 30 form an integral part of the financial statements

CALDER INDUSTRIAL MATERIALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 May 2011

1. ACCOUNTING POLICIES

Basis of accounting

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

Exemption from consolidation

The company has taken advantage of the exemption from preparing consolidated financial statements afforded by Section 400 of the Companies Act 2006 because it is a wholly owned subsidiary of Calder Finco UK Ltd and is included in the consolidated financial statements which are publicly available.

Exemption from preparation of cash flow statement

The company is also exempt from the requirements of FRS 1 (Revised 1996) Cash Flow Statement (Revised 1996) to present a cash flow statement because it is a wholly owned subsidiary of Calder Finco UK Ltd which prepares a cash flow statement and is included in the consolidated financial statements which are publicly available.

Turnover

Turnover comprises the value of sales (excluding trade discounts, allowances and VAT) of goods and services in the normal course of business. Turnover is recognised when goods are despatched or when services are provided.

Tangible fixed assets

Tangible fixed assets are stated at historical cost, net of accumulated depreciation and any provision for impairment. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. 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 economic life, as follows:

Leasehold improvements	over the term of the lease
Plant and machinery	2-10 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. Provision is made for obsolete, slow-moving or defective items where appropriate.

Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation.

Turnover and a prudent estimate of the profit attributable to work completed on long-term contracts is recognised once the outcome of the contract can be recognised with reasonable certainty. The amount by which turnover exceeds payments on account is shown under debtors as amount recoverable on contracts. The costs on long-term contracts not yet taken to the profit and loss account less related foreseeable losses and payments on account are included in stock.

Investments

Investments in subsidiary undertakings are recorded at cost plus incidental expenses less any provision for impairment. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 May 2011

1. ACCOUNTING POLICIES (CONTINUED)

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.

Pension costs

The company operates a defined benefit pension scheme for the benefit of the majority of its employees. The scheme is closed to new members and future accrual.

For this defined benefit scheme any amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account (within operating profit) if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of consolidated total recognised gains and losses.

The defined benefit scheme is funded, with the assets of the scheme held separately from those of the company, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the balance sheet.

The company also operates a defined contribution scheme. Here the amounts charged to the profit and loss account in respect of pension costs and other post-retirement benefits are the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet. The assets of the scheme are held separately from those of the company in an independently administered fund.

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 economic 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.

CALDER INDUSTRIAL MATERIALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 May 2011

1. ACCOUNTING POLICIES (CONTINUED)

Foreign currency

Monetary assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange ruling at the date of the balance sheet or at the related forward contract rate. Transactions in foreign currency are converted to sterling at the rate ruling at the date of the transaction or, where forward foreign currency contracts have been taken out, at contracted rates. All differences on exchange are taken to the profit and loss account.

Government grants

Grants receivable in respect of tangible assets are treated as deferred income which is credited to the profit and loss account over the estimated economic lives of the related assets.

2. TURNOVER

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

Turnover by class of business was as follows

	2011 £'000	2010 £'000
Manufacture and sale of lead products	36,150	33,018

Turnover by geographical destination was as follows

	2011 £'000	2010 £'000
Europe		
- UK	32,623	30,404
- Other	2,085	2,192
Rest of the world	1,442	422
	36,150	33,018

3. NET FINANCE CHARGE

	2011 £'000	2010 £'000
Return on pension scheme	829	757
Interest receivable and similar income	829	757
Bank loans and overdrafts	(110)	(109)
Charge on pension scheme	(848)	(753)
Interest payable and similar charges	(958)	(862)

CALDER INDUSTRIAL MATERIALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 May 2011

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

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

	2011 £'000	2010 £'000
Depreciation of tangible fixed assets		
- owned	390	425
- held under finance leases and hire purchase contracts	13	-
Operating lease rentals		
- plant and machinery	96	102
- other	391	388
Auditors' remuneration		
- audit fees	24	30
Government grants receivable	(15)	(15)
	<u> </u>	<u> </u>

5. STAFF COSTS

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

	2011 £'000	2010 £'000
Wages and salaries	3,777	3,420
Social security costs	345	289
Other pension costs (note 21)	102	107
	<u>4,224</u>	<u>3,816</u>

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

	2011 Number	2010 Number
Production	97	91
Selling and distribution	14	6
Administration and management	27	34
	<u>138</u>	<u>131</u>

CALDER INDUSTRIAL MATERIALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 May 2011

6 DIRECTORS' REMUNERATION AND TRANSACTIONS

Directors' remuneration

	2011 £'000	2010 £'000
Aggregate emoluments	337	369
Company contributions to defined benefit pension schemes	-	-
	<u>337</u>	<u>369</u>

Two of the directors are members of a defined benefit pension scheme (closed to future accrual) (2010 two)

Highest paid director

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

	2011 £'000	2010 £'000
Aggregate emoluments	<u>149</u>	<u>127</u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2011 £'000	2010 £'000
Current tax		
UK corporation tax on profits	-	-
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences (see note 15)	(103)	484
Movement on pension scheme (see note 15)	(95)	-
Total deferred tax	<u>(198)</u>	<u>484</u>
Total tax charge in the profit and loss account	<u>(198)</u>	<u>484</u>

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

The tax assessed for the year is lower (2010 lower) than the standard rate of corporation tax in the UK of 27.67% (2010 28%)

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit on ordinary activities before tax is as follows

CALDER INDUSTRIAL MATERIALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 May 2011

7. TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

	2011 £'000	2010 £'000
Profit on ordinary activities before tax	1,876	1,702
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 27.67% (2010: 28%)	519	477
Effects of		
Capital allowances in excess of depreciation	10	53
Expenses not deductible for tax purposes	3	3
Pension deduction	(34)	(1)
Imputed interest	113	82
Group loss relief	(517)	(82)
Utilisation of brought forward losses	(94)	(532)
Current tax charge for year	-	-

The Finance Act 2011 was substantively enacted on 29 March 2011 and included legislation to reduce the main rate of corporation tax from 28% to 26% from 1 April 2011. A further reduction to 25% from 1 April 2012 was substantively enacted by subsequent legislation on 5 July 2011. The deferred tax asset at 31 December 2011 has been re-measured accordingly.

Further reductions to the UK corporation tax rate were announced in the 2011 Budget on 23 March 2011, which proposed to reduce the rate by 1% per annum to 23% by 1 April 2014. However, a further announcement was made in the 2012 Budget on 21 March 2012, which will result in the rate reducing to 24% from 1 April 2012, with further 1% reductions per annum to 22% by 1 April 2014. The changes had not been substantively enacted at the balance sheet date and therefore are not recognised in these financial statements. The impact of the proposed changes is not expected to be material to the balance sheet.

CALDER INDUSTRIAL MATERIALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 May 2011

8. DIVIDENDS

	2011 £'000	2010 £'000
Equity – ordinary		
Final paid 25p per £1 share	<u>2,000</u>	<u>-</u>

9. TANGIBLE ASSETS

	Leasehold improvements £'000	Plant and machinery £'000	Total £'000
Cost			
At 1 June 2010	904	6,957	7,861
Additions	-	555	555
Disposals	-	(15)	(15)
At 31 May 2011	<u>904</u>	<u>7,497</u>	<u>8,401</u>
Accumulated depreciation			
At 1 June 2010	369	4,787	5,156
Charge for the year	45	358	403
Disposals	-	(15)	(15)
At 31 May 2011	<u>414</u>	<u>5,130</u>	<u>5,544</u>
Net book value			
At 31 May 2011	<u>490</u>	<u>2,367</u>	<u>2,857</u>
At 31 May 2010	<u>535</u>	<u>2,170</u>	<u>2,705</u>

The net book value of fixed assets included £369,612 (2010: £nil) in respect of assets held under finance leases and hire purchase contracts. All assets held under finance leases and hire purchase contracts have been capitalised as plant and machinery.

CALDER INDUSTRIAL MATERIALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 May 2011

10. INVESTMENTS

	2011 £'000	2010 £'000
Subsidiary undertakings		
Cost and net book value		
At beginning and end of the year	<u>1,180</u>	<u>1,180</u>

The company has shareholdings in the following subsidiary undertakings

Subsidiary undertakings	Country of incorporation or registration	Principal Activity	Class of shares held	% Holding
		Lead		
FSLP Limited	England and Wales	merchants	Ordinary	51
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

The directors believe that the book value of investments is supported by their underlying net assets

11 STOCKS

	2011 £'000	2010 £'000
Raw materials and consumables	2,071	1,196
Work-in-progress	543	438
Finished goods and goods for resale	891	701
	<u>3,505</u>	<u>2,335</u>

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

CALDER INDUSTRIAL MATERIALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 May 2011

12. DEBTORS

	2011 £'000	2010 £'000
Due within one year		
Trade debtors	5,150	4,387
Amounts owed by other group undertakings	8,933	9,302
Other debtors	180	254
Amounts recoverable on contracts	209	596
Prepayments and accrued income	132	94
	<u>14,604</u>	<u>14,633</u>

Amounts owed by group undertakings incur no interest and are repayable according to an agreed payment schedule

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £'000	2010 £'000
Bank loans (secured) (note 15)	2,355	1,489
Obligations under finance leases and hire purchase contracts (note 14)	76	-
Trade creditors	1,087	1,200
Amounts owed to other group undertakings	3,237	3,125
Taxation and social security	173	204
VAT payable	697	643
Government grants	15	30
Other creditors	-	68
Accruals and deferred income	688	604
	<u>8,328</u>	<u>7,363</u>

Amounts owed by group undertakings incur no interest and are repayable according to an agreed payment schedule

CALDER INDUSTRIAL MATERIALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 May 2011

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

	2011 £'000	2010 £'000
Obligations under finance leases and hire purchase contracts	<u>303</u>	<u>-</u>
Maturity of finance leases and hire purchase contracts		
Between one and two years	76	-
Between two and five years	<u>227</u>	<u>-</u>
	303	-
Within one year	<u>76</u>	<u>-</u>
	<u>379</u>	<u>-</u>

15. BORROWINGS

The maturity of the borrowings is as follows

	2011 £'000	2010 £'000
Bank loans and overdraft		
In one year or less, or on demand	<u>2,355</u>	<u>1,489</u>
	2,355	1,489
In more than one year but not more than two years	<u>-</u>	<u>-</u>
	<u>2,355</u>	<u>1,489</u>
	2011 £'000	2010 £'000
Total borrowings including finance leases		
In one year or less, or on demand	<u>2,431</u>	<u>1,489</u>
	2,431	1,489
In more than one year but not more than two years	76	-
In more than two years but not more than five years	<u>227</u>	<u>-</u>
	303	-
	<u>2,734</u>	<u>1,489</u>

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 2011

16. PROVISIONS FOR LIABILITIES AND CHARGES

Provisions for liabilities and charges comprises

	2011 £'000	2010 £'000
At beginning of the year	241	(243)
Charged to the profit and loss account (see note 7)	103	484
Liability at end of the year (see also note 11)	344	241

The deferred taxation balance at 31 May 2011 consists of

	2011 £'000	2010 £'000
Accelerated capital allowances	170	158
Short term timing differences	174	83
Total provision for deferred tax	344	241

	£'000
<i>Deferred tax asset relating to the pension deficit</i>	
At beginning of the year	(902)
Deferred tax charge included in the profit and loss account (see note 7)	95
Deferred tax credit taken to the statement of total recognised gains and losses	(344)
At the end of the year	(1,151)

The deferred tax asset of £1,151,000 (2010 £902,000) has been deducted in arriving at the net pension deficit on the balance sheet

CALDER INDUSTRIAL MATERIALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 May 2011

17 CALLED UP SHARE CAPITAL

	2011 £'000	2010 £'000
<i>Authorised, allotted, called up and fully paid</i>		
8,000,000 (2010 8,000,000) ordinary shares of £1 each	<u>8,000</u>	<u>8,000</u>

18. PROFIT AND LOSS ACCOUNT

	Profit and loss account £'000
At 1 June 2010	3,242
Profit for the financial year	1,678
Dividends	(2,000)
Post retirement liability (net of deferred tax)	(980)
	<u> </u>
At 31 May 2011	<u>1,940</u>

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2011 £'000	2010 £'000
Profit for the financial year	1,678	1,218
Dividends	(2,000)	-
Post retirement liability (net of deferred tax)	(980)	(1,937)
	<u> </u>	<u> </u>
Net reduction to shareholders' funds	(1,302)	(719)
Opening shareholders' funds	11,242	11,961
	<u> </u>	<u> </u>
Closing shareholders' funds	<u>9,940</u>	<u>11,242</u>

CALDER INDUSTRIAL MATERIALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 May 2011

20. GUARANTEES AND OTHER FINANCIAL COMMITMENTS

a) Capital commitments

Capital expenditure that has been contracted but not provided for amounts to £20,000 as at 31 May 2011 (2010 £42,000)

b) Lease commitments

Annual commitments under non-cancellable operating leases are as follows

	2011		2010	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Expiry date				
- within one year	-	9	-	22
- between two and five years	-	68	-	61
- after five years	366	-	366	1
	<u>366</u>	<u>77</u>	<u>366</u>	<u>84</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 2011 there were outstanding commitments to buy lead totalling £1,431,103 (2010 £1,068,363)

d) Financial guarantees

The company is party to cross guarantees in respect of loans held by other group undertakings. The total amount guaranteed at 31st May 2011 was £17.1m (2010 £18.6m)

Details of the company's policies and strategies in relation to financial instruments are set out in the Directors' Report

Financial Reporting Standard 29 "Financial Instruments Disclosures" requires disclosures in respect of financial assets and liabilities and these are set out below

(i) Financial assets

	2011 £'000	2010 £'000
<i>Cash at bank and in hand</i>		
Denominated in Sterling	24	30
Denominated in Euros	15	249
Denominated in other currencies	4	36
	<u>43</u>	<u>315</u>

CALDER INDUSTRIAL MATERIALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 May 2011

20 GUARANTEES AND OTHER FINANCIAL COMMITMENTS (CONTINUED)

(i) Financial assets (continued)

	2011 £'000	2010 £'000
<i>Trade debtors</i>		
Fully performing	5,056	4,298
Over three months past due	269	322
Provision	(175)	(233)
	<u>5,150</u>	<u>4,387</u>

The creation and release of provision for impaired debtors has been included within administrative costs within the profit and loss account. Amounts charged to the provision account are generally written off when there is no expectation of recovering additional cash.

The net movement in the provision is as follows

	2011 £'000	2010 £'000
At the beginning of the year	(233)	(293)
Net movement	58	60
At the end of the year	<u>(175)</u>	<u>(233)</u>

(ii) Financial liabilities

	2011 £'000	2010 £'000
Other loans (all due within one year)	2,355	1,489
Finance leases due within one year	76	-
Finance lease due after one year	303	-
	<u>2,734</u>	<u>1,489</u>

(iii) Hedging

The company undertakes hedging against the forward price of certain of its lead commodities

	2011 £'000	2010 £'000
Forward contracts	1,431	1,068
	<u>1,431</u>	<u>1,068</u>

CALDER INDUSTRIAL MATERIALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 May 2011

20. GUARANTEES AND OTHER FINANCIAL COMMITMENTS (CONTINUED)

(iv) Assessment of risk

- Liquidity risk

The company has the availability of invoice discounting supplemented by group support to ensure it can operate on a day to day basis

- Price risk

Various price matching and hedging techniques are in place to manage price risk. The directors believe that the hedging policy is highly effective in managing the commodity price risk.

- Currency risk

The company has transactional currency exposures arising from sales and purchases other than the functional currency.

- Credit risk

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

- Capital risk

The company's objective when managing capital is to safeguard the ability to continue as a going concern.

CALDER INDUSTRIAL MATERIALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 May 2011

21. PENSION ARRANGEMENTS

Defined benefit scheme

The company provides pension arrangements to the majority of full time employees through a defined benefit scheme

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

	2011 %	2011 £'000	2010 %	2010 £'000
Equities and property	7.40	11,180	7.60	8,779
Fixed Interest (mainly gilts)	3.90	220	4.10	461
Bonds	5.30	2,100	5.50	2,762
Others	0.50	89	0.50	425
		<hr/>		<hr/>
		13,589		12,427
Present value of the scheme liabilities		(18,014)		(15,651)
		<hr/>		<hr/>
Deficit		(4,425)		(3,224)
Related deferred tax asset		1,151		902
		<hr/>		<hr/>
Net pension deficit		(3,274)		(2,322)
		<hr/>		<hr/>
Reconciliation of present value of scheme liabilities				
			2011 £'000	2010 £'000
Post retirement liability at the beginning of the year			15,651	11,661
Interest cost			848	753
Benefits paid			(490)	(501)
Actuarial loss			2,005	3,738
			<hr/>	<hr/>
Post retirement liability at the end of the year			18,014	15,651
			<hr/>	<hr/>
Reconciliation of fair value of scheme assets				
			2011 £'000	2010 £'000
Opening fair value of scheme assets			12,427	11,119
Expected return on assets			829	757
Benefits paid			(490)	(501)
Employer contributions			142	-
Actuarial gain			681	1,052
			<hr/>	<hr/>
Closing fair value of scheme assets			13,589	12,427
			<hr/>	<hr/>

CALDER INDUSTRIAL MATERIALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 May 2011

21 PENSION ARRANGEMENTS (CONTINUED)

The amounts charged against profits are as follows

	2011 £'000	2010 £'000
Operating profit		
Current service charge	-	-
Finance cost		
Expected return on scheme assets	829	757
Interest on scheme liabilities	(848)	(753)
Net total (charge)/income	(19)	4

The analysis of the amount recognised in the statement of total recognised gains and losses is as follows

	2011 £'000	2010 £'000
Actual return less expected return on scheme assets	681	1,052
Experience losses on scheme liabilities	(1,490)	(507)
Changes in assumptions underlying the present value of scheme liabilities	(515)	(3,231)
Actuarial loss recognised in the statement of total recognised gains and losses	(1,324)	(2,686)

The most recent actuarial valuation was carried out as at 6 April 2010 and updated to 31 May 2011 by an independent qualified actuary for inclusion in these financial statements

Details of the updated actuarial valuation of the scheme, conducted by the independent qualified actuary as at 31 May 2011, using the projected unit method, are as follows

The major assumptions used for the actuarial valuation were

	2011	2010	2009
Rate of increase in salaries	N/A	N/A	N/A
Rate of increase in pensions in payment	2.80%	2.80%	2.90%
Discount rate	5.30%	5.50%	6.60%
Inflation assumption	3.00%	3.00%	3.00%
Increase to deferred benefits during deferment	3.00%	3.00%	2.90%

CALDER INDUSTRIAL MATERIALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 May 2011

21. PENSION ARRANGEMENTS (CONTINUED)

History of experience gains and losses for the financial year

	2011	2010	2009
Difference between the expected and actual return on scheme assets			
Amount (£ 000)	681	1,052	(2,196)
Percentage of scheme assets	5.0%	8.4%	19.7%
Experience gains and losses on scheme liabilities			
Amount (£ 000)	(1,490)	(507)	(2,202)
Percentage of scheme liabilities	8.3%	3.2%	18.8%
Total actuarial loss recognised in the statement of total recognised gains and losses			
Amount (£ 000) – gross	(1,324)	(2,686)	(685)
Percentage of scheme liabilities	7.3%	17.1%	6.1%

Defined contribution scheme

The company also operates a defined contribution scheme. The cost of contributions to the defined contribution scheme amounted to £102,000 (2010: £162,000).

22. RELATED PARTY TRANSACTIONS

As a subsidiary undertaking of Calder Finco UK Ltd, 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 Ltd whose financial statements are publicly available.

At the year end Calder Industrial Materials Limited was owed £365,229 (2010: £394,149) by FSLP Limited, a 51% owned subsidiary company. At the same date Calder Industrial Materials Limited owed FSLP Limited £5,624 (2010: £2,080). During the year Calder Industrial Materials Limited made sales of goods to the value of £2,151,295 (2010: £2,043,389) and recharged expenses to the value of £16,533 (2010: £nil) and purchased goods to the value of £25,830 (2010: £76,629) from FSLP Limited. Included within debtors is a loan of £25,000 (2010: £75,000) made to FSLP Limited by Calder Industrial Materials Limited.

23. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The directors regard Calder Group Limited as the immediate parent company. Calder Group Limited is wholly owned by Calder Finco UK Ltd which is the ultimate UK parent company.

Calder Finco UK Ltd is wholly owned by Caldergroup Swiss AG, which is the ultimate parent and ultimate controlling party. Caldergroup Swiss AG is a company incorporated and registered in Switzerland. Caldergroup Swiss AG is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 May 2011. Calder Finco UK Ltd is the smallest group of undertakings to consolidate these financial statements.

The Calder Finco UK Ltd financial statements are publicly available from its registered office.