

Company registration number. 00028073

**CALDER INDUSTRIAL MATERIALS LIMITED**

**Report and financial statements for the year ended**

**31 May 2013**

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# **CALDER INDUSTRIAL MATERIALS LIMITED**

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## **CALDER INDUSTRIAL MATERIALS LIMITED**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

M Bailey  
R B Travers  
A Donald  
P Walters  
M Henderson

#### **SECRETARY**

M Henderson

#### **REGISTERED OFFICE**

Jupiter Drive  
Chester West Employment Park  
Chester  
CH1 4EX

#### **BANKERS AND FINANCIAL PROVIDERS**

Burdale Financial Limited  
Fifth floor  
Bow Bells House  
1 Bread Street  
London EC4M 9BE

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 2013

### **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 year of excellent performance from the business, despite UK economic gloom and the ongoing global economic crisis

Turnover has increased 9% year on year, to £38.7 million (2012 £35.6 million), with operating profit increasing 20% year on year, to £2.8 million (2012 £2.4 million), which reflects not only the increased turnover of the business, but also the strategy taken by the business in recent years, to branch out into new, more profitable markets

In our Building Products division, we have seen a small increase in volumes from 2012 (3%) which may reflect the beginning of a recovery in UK housing market. The business is well placed and ready to embrace any further recovery in this sector

In our Engineering Products division, we continue to broaden our portfolio of products, in robust existing markets, which have shown a remarkable resilience during the recession, and also into new markets at home and abroad. This has yielded a strong growth in volume (30% increase year on year)

The FRS17 valuation of the deficit of the defined benefit pension scheme (after the impact of deferred tax) has fallen from £5.1m to £4.0m, mainly due to an improvement in the fair value of the assets within the scheme. The company's policy is to fund the deficit over a ten year period. The pension scheme is closed to new entrants and future accruals

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

During August 2012, the group to which this company belongs, successfully secured a new €45m Comprehensive Asset Based Lending facility committed for 5 years. The initial drawdown was used to repay existing loans. The new facility comprises term debt of €5m and a €40m revolver facility and will provide sufficient headroom for the group's growth plans and trading for the future

### **RESULTS AND DIVIDENDS**

The directors have approved a payment of a dividend of £1 million (2012 £nil). The non-cash dividend was settled via the intercompany account. The result for the year is shown on page 10

### **DIRECTORS**

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

M Bailey  
R B Travers  
A Donald  
P Walters  
M Henderson

### **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.

### **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.

### **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.

### **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.

#### **Independent Auditors**

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



R B Travers

**Director**

30 August 2013

# **CALDER INDUSTRIAL MATERIALS LIMITED**

## **STATEMENT OF DIRECTORS' REPOSIBILITIES**

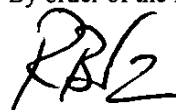
The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

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,



R B Travers

**Director**

30 August 2013

## **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 2013 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the Notes to the Financial Statements. 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 2013 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 August 2013

# CALDER INDUSTRIAL MATERIALS LIMITED

## PROFIT AND LOSS ACCOUNT Year ended 31 May 2013

	Notes	2013 £'000	2012 £'000
<b>Turnover</b>	2	<b>38,694</b>	35,642
Cost of sales		<b>(32,209)</b>	(29,825)
<b>Gross profit</b>		<b>6,485</b>	5,817
Distribution costs		<b>(978)</b>	(881)
Administrative expenses		<b>(2,679)</b>	(2,583)
<b>Operating profit</b>		<b>2,828</b>	2,353
Interest receivable and similar income	3	<b>789</b>	946
Interest payable and similar charges	3	<b>(1,339)</b>	(1,052)
<b>Profit on ordinary activities before taxation</b>	4	<b>2,278</b>	2,247
Tax on profit on ordinary activities	7	<b>(180)</b>	(151)
<b>Profit for the financial year</b>	18	<b>2,098</b>	2,096

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 29 form an integral part of the financial statements

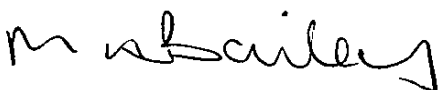
# CALDER INDUSTRIAL MATERIALS LIMITED

## BALANCE SHEET As at 31 May 2013

	Notes	2013 £'000	2012 £'000
<b>Fixed assets</b>			
Tangible assets	9	2,863	2,724
Investments	10	1,381	1,180
		<u>4,244</u>	<u>3,904</u>
<b>Current assets</b>			
Stocks	11	3,015	3,035
Debtors	12	21,309	15,640
Cash at bank and in hand		163	1,274
		<u>24,487</u>	<u>19,949</u>
<b>Creditors: amounts falling due within one year</b>	13	<u>(12,404)</u>	<u>(8,406)</u>
<b>Net current assets</b>		<u>12,083</u>	<u>11,543</u>
<b>Total assets less current liabilities</b>		<u>16,327</u>	<u>15,447</u>
<b>Creditors: amounts falling due after more than one year</b>	14	(519)	(227)
<b>Provisions for liabilities and charges</b>	16	<u>(95)</u>	<u>(264)</u>
<b>Net assets excluding pension liability</b>		<u>15,713</u>	<u>14,956</u>
Pension liability	21	<u>(4,063)</u>	<u>(5,183)</u>
<b>Net assets including pension liability</b>		<u><u>11,650</u></u>	<u><u>9,773</u></u>
<b>Capital and reserves</b>			
Called up share capital	17	8,000	8,000
Profit and loss account	18	<u>3,650</u>	<u>1,773</u>
<b>Total shareholders' funds</b>	19	<u><u>11,650</u></u>	<u><u>9,773</u></u>

The notes on pages 13 to 29 form an integral part of the financial statements

The financial statements on pages 10 to 29 were approved by the board of directors on 30 August 2013 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 2013**

	<b>Notes</b>	<b>2013</b> <b>£'000</b>	<b>2012</b> <b>£'000</b>
<b>Profit for the financial year</b>	<b>18</b>	<b>2,098</b>	<b>2,096</b>
Actuarial gain/(loss) on pension scheme	21	1,012	(2,977)
Movement on deferred tax relating to pension scheme deficit		(233)	714
<b>Total recognised gains/(losses) relating to the year</b>		<b><u>2,877</u></b>	<b><u>(167)</u></b>

The notes on pages 13 to 29 form an integral part of the financial statements

# **CALDER INDUSTRIAL MATERIALS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 May 2013**

### **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 2013**

**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 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 2013

### 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

	2013 £'000	2012 £'000
Manufacture and sale of lead products	38,694	35,642

Turnover by geographical destination was as follows

	2013 £'000	2012 £'000
Europe		
- UK	36,555	33,045
- Other	1,639	1,967
Rest of the World	500	630
	38,694	35,642

### 3. NET FINANCE CHARGE

	2013 £'000	2012 £'000
Interest receivable from group companies	14	-
Return on pension scheme (note 21)	775	946
<b>Interest receivable and similar income</b>	<b>789</b>	<b>946</b>
Bank loans and overdrafts	(294)	(116)
Foreign exchange difference arising on funding loans	(209)	-
Charge on pension scheme (note 21)	(836)	(936)
<b>Interest payable and similar charges</b>	<b>(1,339)</b>	<b>(1,052)</b>

# CALDER INDUSTRIAL MATERIALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### Year ended 31 May 2013

#### 4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

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

	2013 £'000	2012 £'000
Depreciation of tangible fixed assets		
- owned	361	364
- held under finance leases and hire purchase contracts	71	13
Operating lease rentals		
- plant and machinery	36	110
- other	460	389
Auditors' remuneration		
- audit fees	27	20
Government grants receivable	-	(15)
	<u>          </u>	<u>          </u>

#### 5. STAFF COSTS

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

	2013 £'000	2012 £'000
Wages and salaries	3,897	3,550
Social security costs	335	296
Other pension costs (note 21)	100	101
	<u>4,332</u>	<u>3,947</u>

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

	2013 Number	2012 Number
Production	97	91
Selling and distribution	17	17
Administration and management	25	26
	<u>139</u>	<u>134</u>



# CALDER INDUSTRIAL MATERIALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 May 2013

### 6. DIRECTORS' REMUNERATION AND TRANSACTIONS

#### Directors' remuneration

	2013 £'000	2012 £'000
Aggregate emoluments	325	315
Amounts accruing to pension schemes	47	35
	<u>372</u>	<u>350</u>

Two of the directors are members of a defined benefit pension scheme (closed to future accrual) (2012 two)

#### Highest paid director

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

	2013 £'000	2012 £'000
Aggregate emoluments	139	135
Amounts accruing to pension schemes	31	22
	<u>170</u>	<u>157</u>

### 7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2013 £'000	2012 £'000
<b>Current tax</b>		
UK corporation tax on profits in respect of current year	(31)	-
In respect of previous periods	<u>(128)</u>	<u>(3)</u>
Total current tax	(159)	(3)
<b>Deferred tax</b>		
Origination and reversal of timing differences (see note 16)	169	80
Movement on pension scheme (see note 16)	<u>(190)</u>	<u>(228)</u>
Total deferred tax	(21)	(148)
Total tax charge in the profit and loss account	<u>(180)</u>	<u>(151)</u>

# CALDER INDUSTRIAL MATERIALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 May 2013

### 7. TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

The tax assessed for the year is lower (2012 lower) than the standard rate of corporation tax in the UK of 23.83% (2012 25.67%). The differences are explained below

	2013 £'000	2012 £'000
Profit on ordinary activities before tax	2,278	2,247
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.83% (2012 25.67%)	543	577
Effects of		
Capital allowances in excess of depreciation	67	10
Expenses not deductible for tax purposes	2	28
Pension deduction	(127)	(149)
Imputed interest	129	117
Group loss relief	(566)	(583)
Adjustment in respect of previous periods	128	3
Finance lease depreciation	(17)	-
Current tax charge for year	159	3

#### Implications of the Finance Bill 2013

The main rate of corporation tax was reduced from 24% to 23% on 1 April 2013. Further changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2013 on 2 July 2013. These include reductions to the main rate to reduce the rate to 21% from 1 April 2014 and to 20% from 1 April 2015.

As the changes had not been substantively enacted at the balance sheet date their effects are not included in these financial statements. The impact of these changes is not expected to be material.

# CALDER INDUSTRIAL MATERIALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 May 2013

### 8. DIVIDENDS

	2013 £'000	2012 £'000
Equity – ordinary		
Final 12 5p per share (2012 paid £nil per share)	1,000	-

### 9. TANGIBLE ASSETS

	Leasehold improvements £'000	Plant and Machinery £'000	Total £'000
<b>Cost</b>			
At 1 June 2012	904	7,722	8,626
Additions	-	573	573
Disposals	-	(6)	(6)
<b>At 31 May 2013</b>	<b>904</b>	<b>8,289</b>	<b>9,193</b>
<b>Accumulated depreciation</b>			
At 1 June 2012	459	5,443	5,902
Charge for the year	45	387	432
Disposals	-	(4)	(4)
<b>At 31 May 2013</b>	<b>504</b>	<b>5,826</b>	<b>6,330</b>
<b>Net book value</b>			
<b>At 31 May 2013</b>	<b>400</b>	<b>2,463</b>	<b>2,863</b>
At 31 May 2012	445	2,279	2,724

The net book value of fixed assets included £627,916 (2012 £486,568) 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 2013

### 10. INVESTMENTS

	2013 £'000	2012 £'000
Subsidiary undertakings		
<b>Cost and net book value</b>		
At beginning and end of the year	<u>1,381</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	100
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
Lead Technologies 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

	2013 £'000	2012 £'000
Raw materials and consumables	1,700	1,782
Work-in-progress	521	476
Finished goods and goods for resale	794	777
	<u>3,015</u>	<u>3,035</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 2013

### 12. DEBTORS

	2013 £'000	2012 £'000
Due within one year		
Trade debtors	6,251	4,638
Amounts owed by other group undertakings	14,526	10,554
Other debtors	164	145
Prepayments and accrued income	300	303
Corporation tax debtor	68	-
	<u>21,309</u>	<u>15,640</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

	2013 £'000	2012 £'000
Bank loans (secured) (note 15)	53	-
Other loans (see below) (note 15)	3,928	1,574
Obligations under finance leases and hire purchase contracts (note 15)	133	76
Trade creditors	1,048	510
Amounts owed to other group undertakings	4,359	4,250
Corporation tax	-	3
Taxation and social security	230	161
VAT payable	1,374	528
Other creditors	64	-
Accruals and deferred income	1,215	1,304
	<u>12,404</u>	<u>8,406</u>

Bank borrowings comprise £221,000 (2012 £nil) in favour of Burdale Financial Limited. This loan is being repaid at the rate of £53,000 per year.

Other loans relate to a revolving credit facility in favour of Burdale Financial Limited (2012 in favour of RBS) which are secured by a fixed and floating charge over all the assets of the group. Interest is charged at a margin of 2.75% over Libor (2012 1.75% over Libor). The facility with Burdale Financial Limited for the whole group of which this company is a member replaced a mezzanine loan in place in August 2012 which was attracting a coupon rate of 20%.

Amounts owed to group undertakings are unsecured, have variable interest terms and are repayable according to an agreed payment schedule.

# CALDER INDUSTRIAL MATERIALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 May 2013

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

	2013 £'000	2012 £'000
Bank loans (secured) (note 15)	168	-
Obligations under finance leases and hire purchase contracts	351	227
	<u>519</u>	<u>227</u>

### 15. BORROWINGS

The maturity of the borrowings is as follows

	2013 £'000	2012 £'000
<b>Bank loans and overdraft</b>		
In one year or less, or on demand	3,981	1,574
More than one year	168	-
	<u>4,149</u>	<u>1,574</u>
 <b>Obligations under finance leases and hire purchase contracts</b>		
In one year or less, or on demand	133	76
More than one year	351	227
	<u>484</u>	<u>303</u>
 <b>Total borrowings</b>		
In one year or less, or on demand	4,114	1,574
More than one year	519	-
	<u>4,633</u>	<u>1,574</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 2013

### 16. PROVISIONS FOR LIABILITIES AND CHARGES

Provisions for liabilities and charges comprise

	2013 £'000	2012 £'000
At beginning of the year	264	344
Credited to the profit and loss account (see note 7)	(169)	(80)
<b>Liability at end of the year</b>	<b>95</b>	<b>264</b>

The deferred taxation balance at 31 May 2013 consists of

	2013 £'000	2012 £'000
Accelerated capital allowances	100	133
Short term timing differences	(5)	131
<b>Total provision for deferred tax</b>	<b>95</b>	<b>264</b>

	£'000
<i>Deferred tax asset relating to the pension deficit</i>	
At beginning of the year	1,637
Deferred tax charge included in the profit and loss account (see note 7)	(190)
Deferred tax credit taken to the statement of total recognised gains and losses	(233)
<b>At the end of the year</b>	<b>1,214</b>

The deferred tax asset of £1,214,000 (2012 £1,637,000) 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 2013

### 17. CALLED UP SHARE CAPITAL

	2013 £'000	2012 £'000
<i>Authorised, allotted, called up and fully paid</i> (2012 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 2012	1,773
Profit for the financial year	2,098
Dividends	(1,000)
Actuarial gain on pension scheme (net of deferred tax)	<u>779</u>
At 31 May 2013	<u>3,650</u>

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

	2013 £'000	2012 £'000
Profit for the financial year	2,098	2,096
Dividends	(1,000)	-
Actuarial gain/(losses) on pension scheme (net of deferred tax)	<u>779</u>	<u>(2,263)</u>
Net addition in/(reduction to) shareholders' funds	1,877	(167)
Opening shareholders' funds	<u>9,773</u>	<u>9,940</u>
Closing shareholders' funds	<u>11,650</u>	<u>9,773</u>



# CALDER INDUSTRIAL MATERIALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 May 2013

### 20. GUARANTEES AND OTHER FINANCIAL COMMITMENTS

#### a) Capital commitments

Capital expenditure that has been contracted but not provided for amounts to £438,000 as at 31 May 2013 (2012 £nil)

#### b) Lease commitments

Annual commitments under non-cancellable operating leases are as follows

	2013		2012	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Expiry date				
- within one year	-	24	-	-
- between two and five years	-	74	-	108
- after five years	365	-	365	-
	<u>365</u>	<u>98</u>	<u>365</u>	<u>108</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 2013 there were outstanding commitments to buy lead totalling £2,573,011 (2012 £1,033,016)

#### d) Financial guarantees

The company is party to cross guarantees in respect of loans held by other group undertakings. The total amount guaranteed at 31 May 2013 was £13.9m (2012 £15.2m)

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

##### (1) Financial assets

	2013 £'000	2012 £'000
<i>Cash at bank and in hand</i>		
Denominated in Sterling	160	1,169
Denominated in Euros	3	56
Denominated in other currencies	-	49
	<u>163</u>	<u>1,274</u>

# CALDER INDUSTRIAL MATERIALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 May 2013

### 20. GUARANTEES AND OTHER FINANCIAL COMMITMENTS (CONTINUED)

#### (i) Financial assets (continued)

	2013 £'000	2012 £'000
<i>Trade debtors</i>		
Fully performing	6,290	4,743
Over three months past due	77	67
Provision	(116)	(172)
	<u>6,251</u>	<u>4,638</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

	2013 £'000	2012 £'000
At the beginning of the year	(172)	(175)
Net movement	56	3
At the end of the year	<u>(116)</u>	<u>(172)</u>

#### (ii) Financial liabilities

	2013 £'000	2012 £'000
Other loans (all due within one year)	3,928	1,574
Bank loans due within one year	53	-
Bank loans due within one year	168	-
Finance leases due within one year	133	76
Finance lease due after one year	351	227
	<u>4,633</u>	<u>1,877</u>

#### (iii) Hedging

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

	2013 £'000	2012 £'000
Forward contracts	2,573	1,033
	<u>2,573</u>	<u>1,033</u>

# CALDER INDUSTRIAL MATERIALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 May 2013

### 21. PENSION ARRANGEMENTS

#### *Defined benefit scheme*

The company provides pension arrangements to some of its 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

	2013 %	2013 £'000	2012 %	2012 £'000	2011 %	2011 £'000	2010 %	2010 £'000
Equities and property	7.25	9,890	6.75	10,065	7.4	11,180	7.6	8,779
Fixed Interest (mainly gilts)	-	-	2.1	230	3.9	220	4.1	461
Bonds	4.55	4,704	4.4	2,313	5.3	2,100	5.5	2,762
Others	0.5	49	0.5	89	0.5	89	0.5	425
		<u>14,643</u>		<u>12,697</u>		<u>13,589</u>		<u>12,427</u>
Present value of the scheme liabilities		(19,920)		(19,517)		(18,014)		(15,651)
Deficit		(5,277)		(6,820)		(4,425)		(3,224)
Related deferred tax asset		1,214		1,637		1,151		902
Net pension deficit		<u>(4,063)</u>		<u>(5,183)</u>		<u>(3,274)</u>		<u>(2,322)</u>

#### Reconciliation of present value of scheme liabilities

	2013 £'000	2012 £'000
Post retirement liability at the beginning of the year	19,517	18,014
Interest cost	836	936
Benefits paid	(1,341)	(705)
Actuarial loss	908	1,272
Post retirement liability at the end of the year	<u>19,920</u>	<u>19,517</u>

#### Reconciliation of fair value of scheme assets

	2013 £'000	2012 £'000
Opening fair value of scheme assets	12,697	13,589
Expected return on assets	775	946
Benefits paid	(1,341)	(705)
Employer contributions	592	572
Actuarial (loss)/gain	1,920	(1,705)
Closing fair value of scheme assets	<u>14,643</u>	<u>12,697</u>

# CALDER INDUSTRIAL MATERIALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 May 2013

### 21. PENSION ARRANGEMENTS (CONTINUED)

The amounts charged against profits are as follows

	2013 £'000	2012 £'000
<b>Operating profit</b>		
Current service charge	-	-
<b>Finance cost</b>		
Expected return on scheme assets	775	946
Interest on scheme liabilities	(836)	(936)
<b>Net total (charge)/income</b>	<b>(61)</b>	<b>10</b>

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

	2013 £'000	2012 £'000
Actual return less expected return on scheme assets	1,920	(1,705)
Changes in assumptions underlying the present value of scheme liabilities	(908)	(1,272)
<b>Actuarial gain/(loss) recognised in the statement of total recognised gains and losses</b>	<b>1,012</b>	<b>(2,977)</b>

The most recent actuarial valuation was carried out as at 6 April 2010 and updated to 31 May 2013 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 2013, using the projected unit method, are as follows

The major assumptions used for the actuarial valuation were

	2013	2012	2011	2010	2009
Rate of increase in salaries	N/A	N/A	N/A	N/A	N/A
Rate of increase in pensions in payment (RPI)	3.10%	2.60%	2.80%	2.80%	2.90%
Discount rate	4.55%	4.40%	5.30%	5.50%	6.60%
Inflation assumption (RPI)	3.30%	2.80%	3.00%	3.00%	3.00%
Increase to deferred benefits during deferment	-	-	3.00%	3.00%	2.90%

The mortality assumption is PCA medium cohort YOB with a 1% floor on improvements and a 96% scaling factor (2012 PCA medium cohort YOB with a 1% floor on improvements and a 96% scaling factor)

The CPI index in 2013 is one percentage point less than RPI

# CALDER INDUSTRIAL MATERIALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 May 2013

### 21. PENSION ARRANGEMENTS (CONTINUED)

History of experience gains and losses for the financial year

	2013	2012	2011	2010	2009
<b>Difference between the expected and actual return on scheme assets:</b>					
Amount (£ 000)	1,920	(1,705)	681	1,052	(2,196)
Percentage of scheme assets	13.1%	13.4%	5.0%	8.4%	19.7%
<b>Experience gains and losses on scheme liabilities</b>					
Amount (£ 000)	-	-	(1,490)	(507)	(2,202)
Percentage of scheme liabilities	0.00%	0.00%	8.3%	3.2%	18.8%
<b>Total actuarial gain/(loss) recognised in the statement of total recognised gains and losses:</b>					
Amount (£ 000) – gross	1,012	(2,977)	(1,324)	(2,686)	(685)
Percentage of scheme liabilities	5.0%	15.25%	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 £100,496 (2012: £101,000).

### 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.

### 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 2013. 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, Jupiter Drive, Chester, CH1 4EX.