CALDER INDUSTRIAL MATERIALS LTD

Annual Report and Financial Statements
2015

Company registration number: 028073

CONTENTS

DIRECTORS AND ADVISORS

Directors

Maurice Bailey
Richard Benjamin Travers
Martin Henderson
Gregory Mark Andrews

Company Secretary

Martin Henderson

Registered office

Jupiter Drive
Chester West Employment Park
Chester
Cheshire
CH1 4EX

Bankers and financial providers

Wells Fargo Capital Finance (formerly Burdale Financial Limited)
Bow Bells House
1 Bread Street
London
EC4M 9BE

Royal Bank of Scotland plc
Corporate Banking London
Ninth 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
8 Princes Parade,
Liverpool,
Merseyside
L3 1QJ

DIRECTORS' REPORT

The directors present their annual report on the affairs of the Company together with the audited financial statements for the year ended 31 May 2015.

Principal activities and business overview

The principal activities, business overview and future prospects of the Company are set out within the Strategic Report on pages 7 to 9.

Results and dividends

The results of the Company for the financial year are set out in the Income Statement on page 12.

During the year, the Company paid a dividend of £450,000 (2014: £1,000,000).

Directors

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

- Maurice Bailey
- Richard Benjamin Travers
- Martin Henderson
- Gregory Mark Andrews (appointed 1 January 2015)
- Andrew David Livingstone Donald (resigned 31 December 2014)
- Paul Walters (resigned 24 June 2015)

None of the directors has any material interests in contracts of the Company.

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.

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.

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.

Financial risk management

Details are set out in the Strategic Report on pages 7 to 9.

DIRECTORS' REPORT

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:

- so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- 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

In accordance with Section 485 of the Companies Act 2006, a resolution to reappoint the Auditors, PricewaterhouseCoopers LLP, will be proposed at the Annual General Meeting.

By order of the Board

Martin Henderson
Director
15 February 2016

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 IFRSs as adopted by the European Union 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

Martin Henderson
Director
15 February 2016

STRATEGIC REPORT

The directors present their Strategic Report for the year ended 31 May 2015. The Company's registered number is 28073.

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.

Strategy

The strategy of the Company remains to consolidate its position in its key markets for lead sheet and to develop its lead engineering, both organically and by acquisition, in growth sectors of the global economy.

Review of the year and future prospects

The result for the year has been affected by difficult UK trading conditions and a tough global economic picture with operating profit remaining flat.

In our Building Products division, we experienced a small increase in volumes through 2014/2015 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.

The FRS17 valuation of the deficit of the defined benefit pension scheme (before the impact of deferred tax) has risen from £5.34m to £6.23m mainly on the back of a fall in discount rates due to bond yields. The Company's policy is to fund the deficit over a ten year period. The pension scheme is closed to new entrants and future accrual.

Trading conditions have continued to be tough since the year end but the fundamental position of the Company is strong and is in a good position to benefit from the economic upturn when it comes.

International Financial Reporting Standards

The Company has adopted International Financial Reporting Standards as adopted by the European Union this year. Further details are set out in note 21 to these financial statements showing the impact of this transition.

Key Performance Indicators (KPIs)

The Board uses various KPIs to monitor and benchmark the effectiveness of the Company's performance and position. These include metrics for profitability, cash-flow, return on assets and can be derived from these financial statements.

STRATEGIC REPORT

Risk management

Set out below are what the Board consider to be the main risks affecting the Company together with their mitigation.

Risk	***Mitigation***
Economic risk The Company could be susceptible to adverse changes in economic conditions and employment levels, impacting our profitability and cash flows.	The Company constantly reviews its routes to market, changes in customer demands and expectations and cost base so that it can react appropriately to the impact of the wider economy. Any adverse impact on cash flow could be mitigated in the short term by controls over capital expenditure.
Competitive risk We operate in a competitive marketplace. Aggressive pricing from our competitors could cause a reduction in our revenues and margins.	We aim to minimise this by continuing to focus on our own strengths such as customer value, service delivery and innovation.
Price risk The Company is exposed to commodity price risk in its day to day operations.	The Company uses various price matching and hedging techniques/instruments to manage risk. We have a hedging policy based on well-established methodologies. The policy is reviewed and endorsed by the Board.
Currency risk The Company has transactional currency exposures arising from sales and purchases in currencies other than the functional currency.	Under the Company's foreign exchange policy, where practicable, transaction exposures are hedged, mainly through natural hedging of sales and purchase transactions.
Interest rate risk The Company finances its operations through a mixture of retained profits and borrowing facilities, including a senior loan, a Revolver credit facility, hire purchase and finance leases. All are subject to interest rate changes.	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. Overall, the Board considers this risk to be minimal.
Credit risk The Group is exposed to credit–related losses in the event of default by counterparties.	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 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 and markets.
Liquidity risk The Company may not have enough funds to finance its operations and future plans.	The Company maintains committed facilities that are designed to ensure sufficient funding for operations and planned expansions. Appropriate facilities are in place until at least August 2017 under the current arrangements.
Health and safety risk Health and safety is our number one operational priority. We are focussed on protecting people's wellbeing, as well as avoiding serious business interruption and potential damage to our reputation.	The Company has policies, procedures and standards in place to ensure compliance with legal obligations and industry standards. All management meetings feature a health and safety update as an agenda item.

STRATEGIC REPORT

Risk management (continued)

Risk	***Mitigation***
Pension scheme deficit risk	
Asset valuations are based on the fair value of the assets. The valuation of the liabilities of the schemes is based on statistical and actuarial calculations, using various assumptions including discount rates, pension increases, life expectancy of scheme members and cash commutations. The actuarial assumptions may differ materially from actual experience due to changes in economic and market conditions, variations in actual mortality, higher or lower cash withdrawal rates and other changes in factors assessed. Any of these differences could adversely impact the assets or liabilities recognised in the Balance Sheet in future periods.	The Company has taken action to reduce the quantum of liabilities through various initiatives, including: offering pension increase exchanges for certain pension benefits in payment; and offering enhanced transfer values to certain categories of members. Furthermore, the UK scheme is closed to future accrual. Asset allocations are reviewed on a periodic basis and changes are made to match more appropriately assets against the remaining scheme liabilities and to reduce risk to a more acceptable level.

By order of the Board

Martin Henderson
Director
15 February 2016

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CALDER INDUSTRIAL MATERIALS LTD

Report on the financial statements

Our opinion

In our opinion, Calder Industrial Materials Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 May 2015 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the balance sheet as at 31 May 2015;
- the income statement and statement of comprehensive income for the year then ended;
- the statement of cash flows for the year then ended;
- the statement of changes in shareholders' equity for the year then ended;
- the statement of significant accounting policies; and
- the notes to the financial statements, which include other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and IFRSs as adopted by the European Union.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, 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.

We have no exceptions to report arising from this responsibility.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CALDER INDUSTRIAL MATERIALS LTD

Other matters on which we are required to report by exception (continued)

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 6, 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) ("ISAs (UK & 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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Jonathan Studholme

Jonathan Studholme (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Liverpool
15 February 2016

INCOME STATEMENT
Year ended 31 May 2015

	Note	2015 £000	2014 £000
Revenue	1	42,794	42,696
Cost of sales		(35,653)	(35,751)
Gross Profit		**7,141**	**6,945**
Administrative expenses		(4,749)	(4,012)
Operating profit before exceptional items		**2,392**	**2,933**
Exceptional operating items	4	-	(524)
Operating profit after exceptional items		**2,392**	**2,409**
Dividend income		-	524
Financial income	2	1,374	1,049
Financial costs	3	(1,658)	(1,624)
Profit before taxation	4	**2,108**	**2,358**
Tax	6	(742)	(477)
Profit attributable to equity holders of the Company		**1,366**	**1,881**

All profits relate to continuing operations.

The notes on pages 23 to 41 are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 May 2015

	Note	2015 £000	2014 £000
Profit for the year	4	**1,366**	**1,881**
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Actuarial (loss)/gain on pension scheme	19	(1,400)	(338)
Tax on actuarial (loss)/gain	19	280	71
Other comprehensive income for the year		**(1,120)**	**(267)**
Total comprehensive income for the year attributable to equity holders of the Company		**246**	**1,614**

BALANCE SHEET

31 May 2015

	Note	2015 £000	2014 £000	2013 £000
Assets				
Current assets				
Inventory	10	4,305	2,783	3,015
Trade and other receivables	11	18,832	18,733	21,241
Cash and cash equivalents	12	51	157	163
Deferred income tax asset	15	1,246	1,121	1,214
Current income tax assets		-	-	68
		24,434	**22,794**	**25,701**
Non-current assets				
Property, plant and equipment	8	3,027	3,076	2,863
Investments	9	857	857	1,381
		3,884	**3,933**	**4,244**
Liabilities				
Current liabilities				
Trade and other payables	13	(5,207)	(5,441)	(8,309)
Borrowings	14	(3,584)	(2,708)	(4,114)
Current income tax liabilities		(548)	(44)	-
		(9,339)	**(8,193)**	**(12,423)**
Non-current liabilities				
Borrowings	14	(641)	(805)	(519)
Deferred income tax liabilities	15	(69)	(146)	(95)
Retirement benefit obligations	19	(6,228)	(5,338)	(5,277)
		(6,938)	**(6,289)**	**(5,891)**
Net assets		**12,041**	**12,245**	**11,631**
Shareholder's Equity				
Attributable to the Company's Shareholders				
Share capital	16	8,000	8,000	8,000
Retained earnings		4,041	4,245	3,631
Total Shareholder's Funds		**12,041**	**12,245**	**11,631**

The notes on pages 23 to 41 are an integral part of these financial statements.

The financial statements on pages 12 to 41 were approved by the Board of Directors on 15 February 2016 and signed on its behalf by:

Maurice Bailey
Director

STATEMENT OF CASH FLOWS

Year ended 31 May 2015

	Note	2015 £000	2014 £000
Cash flows from operating activities			
Profit before taxation		2,108	2,358
Adjustments for:			
Depreciation		531	465
(Increase)/decrease in inventories		(1,522)	232
(Increase)/decrease in trade and other receivables		(1,654)	235
Increase/(decrease) in trade and other payables		1,041	(521)
Deficit recovery payments on the pension scheme		(775)	(607)
Cash (absorbed)/generated by operations		**(271)**	**2,162**
Interest paid		(342)	(294)
Income taxes received/(paid)		20	(150)
Net cash generated by operating activities		**(593)**	**1,718**
Cash flows from investing activities			
Purchase of property, plant and equipment		(482)	(678)
Net cash used in investing activities		**(482)**	**(678)**
Cash flows from financing activities			
Proceeds from borrowings		1,306	619
Repayment of borrowings		(337)	(1,665)
Net cash generated by financing activities		969	(1,046)
Net increase/(decrease) in cash and cash equivalents		**(106)**	**(6)**
Cash and cash equivalents at the beginning of the year		**157**	**163**
Cash and cash equivalents at the beginning of the year		**51**	**157**

The notes on pages 23 to 41 are an integral part of these financial statements.

STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
Year ended 31 May 2015

	Share capital £000	Retained earnings £000	Total Equity £000
Balance at 1 June 2013 (transitional date)	**8,000**	**3,631**	**11,631**
Profit for the year	-	1,881	1,881
Other comprehensive income for the year			
Items that will not be reclassified to profit or loss:			
Actuarial loss on pension scheme	-	(338)	(338)
Tax on actuarial loss	-	71	71
Total comprehensive income for the year	**-**	**1,614**	**1,614**
Dividend paid	-	(1,000)	(1,000)
Transactions with Shareholders recognised directly to Shareholder's funds	**-**	**(1,000)**	**(1,000)**
Balance at 31 May 2014	**8,000**	**4,245**	**12,245**
Profit for the year	-	1,366	1,366
Other comprehensive income for the year			
Items that will not be reclassified to profit or loss:			
Actuarial loss on pension scheme	-	(1,400)	(1,400)
Tax on actuarial loss	-	280	280
Total comprehensive income for the year	**-**	**246**	**246**
Dividend paid	-	(450)	(450)
Transactions with Shareholders recognised directly to Shareholder's funds	**-**	**(450)**	**(450)**
Balance at 31 May 2015	**8,000**	**4,041**	**12,041**

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Background

Calder Industrial Materials Limited is a company limited by shares, incorporated and domiciled in the United Kingdom.

Its registered office is: Jupiter Drive, Chester West Employment Park, Chester, Cheshire, CH1 4EX with a registered number of 28073.

Basis of preparation

The principal accounting policies applied in the preparation of this financial report are set out below. These policies have been consistently applied to the information presented, unless otherwise stated.

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006.

These financial statements represent the first annual financial statements of the Company prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").The Company adopted IFRS in accordance with IFRS 1, First-time Adoption of International Financial Reporting Standards. The first date at which IFRS was applied was 1 June 2013. In accordance with IFRS, the Company has:

- provided comparative financial information;
- applied the same accounting policies throughout all periods presented;
- retrospectively applied all effective IFRS standards as of 1 June 2013, as required;
- applied certain optional exemptions and certain mandatory exceptions as applicable for first time IFRS adopters.

The preparation of the consolidated financial statements in accordance with IFRS has resulted in changes to the accounting policies adopted from prior years as reported under UK GAAP.

The accounting policies set out below have been applied consistently to all periods presented in this report.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Interpretations and amendments to published standards effective for the year ended 31 May 2015

New and amended standards adopted by the Company:

- IFRS 10, 'Consolidated financial statements';
- IFRS 11, 'Joint arrangements';
- IFRS 12, 'Disclosures of interests in other entities';
- IAS 27 (revised 2011) 'Separate financial statements';
- IAS 28 (revised 2011) 'Associates and joint ventures';
- Amendments to IFRS 10,11 and 12 on transition guidance;
- Amendments to IFRS 10, 12 and IAS 27 on consolidation for investment entities;
- Amendments to IAS 32 on Financial instruments asset and liability offsetting;
- Amendment to IAS 36, 'Impairment of assets' on recoverable amount disclosures;
- Amendment to IAS 39 'Financial instruments: Recognition and measurement', on novation of derivatives and hedge accounting.

The adoption of these accounting standards did not have a material impact on the Company's financial statements.

Standards amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company:

The following standards and amendments to existing standards have been published and are mandatory for the Company's financial periods beginning on or after 1 June 2015 or later periods, but the Company has not early adopted them:

- IAS 19, 'Employee benefits' (effective for annual periods beginning on or after 1 July 2014);
- IAS 39, 'Financial instruments – Recognition and measurement' (effective for annual periods beginning on or after 1 July 2014);
- IFRS 13, 'Fair value measurement' (effective for annual periods beginning on or after 1 July 2014);
- IAS 1, 'Presentation of financial statements' (effective for annual periods beginning on or after 1 January 2016);
- IAS 16,'Property, plant and equipment' (effective for annual periods beginning on or after 1 January 2016);
- IAS 27, 'Separate financial statements' (effective for annual periods beginning on or after 1 January 2016);
- IAS 28, 'Investments in associates and joint ventures' (effective for annual periods beginning on or after 1 January 2016);
- IAS 38,'Intangible assets' (effective for annual periods beginning on or after 1 January 2016);
- IFRS 10, 'Consolidated financial statements' (effective for annual periods beginning on or after 1 January 2016); IFRS 11, 'Joint arrangements' (effective for annual periods beginning on or after 1 January 2016);
- IFRS 15, 'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 January 2017);
- IFRS 9 'Financial Instruments', (effective for annual periods beginning on or after 1 January 2018).

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the income statement.

Critical accounting estimates and assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below:

Income taxes

Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Post-employment benefit obligations

The Company operates a post-employment defined benefit arrangement. Asset valuations are based on the fair value of the assets. The valuation of the liabilities of the scheme are based on statistical and actuarial calculations, using various assumptions including discount rates, future inflation rates and pension increases, life expectancy of scheme members and cash commutations. The actuarial assumptions may differ materially from actual experience due to changes in economic and market conditions, variations in actual mortality, higher or lower cash withdrawal rates and other changes in factors assessed. Any of these differences could impact the assets or liabilities recognised in the Balance Sheet in future periods.

Revenue recognition

Revenue represents the fair value of consideration received or receivable for the sale of goods and services supplied in the ordinary course of the Company's activities, and is stated exclusive of VAT and similar taxes, but inclusive of discounts and rebates. Revenue is recognised when goods are despatched or when services are provided. The Company recognises monies received from customers as at the balance sheet date, relating to goods and services to be provided in future periods, as deferred income which forms part of trade and other receivables. Interest receivable on bank deposits and other items is not classed as revenue but included within finance income.

Revenue 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 on a percentage completion basis. The amount by which revenue exceeds payments on account is shown under receivables as amounts recoverable on contracts. The costs on long-term contracts not yet taken to the income statement less related foreseeable losses and payments on account are included in inventory or in payables where this results in a credit balance.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Exceptional items

Income and costs which are material and which are not expected to re-occur or which do not arise in the ordinary course of trading and financing are classified as exceptional items.

Dividends

Dividends to holders of equity instruments declared after the balance sheet date are not recognised as a liability as at the balance sheet date. Final dividend distributions to the Company's Shareholders are recognised in the Company's financial statements in the period in which the dividends are approved by the Company's Shareholders.

Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and provision for impairment in value. Cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is provided on all property, plant and equipment, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life as follows:

- Freehold buildings – 20 - 40 years
- Short leasehold improvements - over the term of the lease
- Plant and machinery - 3 – 16 years
- Motor vehicles - 4 – 5 years

No depreciation is charged on assets under construction. Residual value is calculated on prices prevailing at the date of acquisition.

Investments

Fixed asset investments are shown at cost less provision for impairment in value following a review of the carrying value of each investment at the balance sheet date.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Inventory

Inventory is stated at the lower of cost and net realisable value. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

Trade receivables

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

A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the carrying amount and the present value of estimated future cash flows of the asset, discounted, where material, at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the Income Statement within 'administrative expenses'. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'administrative costs' in the Income Statement.

Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet *comprise* cash at bank *and in hand.*

Where bank accounts have a right of set off the net position is shown as either a bank overdraft or a cash balance as appropriate. Bank overdrafts are shown within borrowings in current liabilities on the Balance Sheet. For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Trade payables are non-interest bearing.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are classified on the Balance Sheet as either current or non-current liabilities, dependent upon the maturity date of the loan.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Taxation

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and that are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Leases

Assets held under finance leases are initially reported at the fair value of the asset with an equivalent liability categorised as appropriate under creditors due within or after one year. The asset is depreciated over the shorter of the lease term and its useful economic life. Finance costs are allocated to accounting years over the life of the lease to produce a constant rate of charge on the outstanding balance. Rentals are apportioned between finance costs and reduction of the liability, and allocated to cost of sales and other operating expenses as appropriate.

Hire purchase transactions are dealt with similarly, except that the assets are depreciated over their expected 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.

Derivative financial instruments and hedging

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends upon whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The Company designates certain derivatives as fair value hedges. Changes in the fair value are recognised in the Income Statement. The Company documents the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Company also documents its assessment of whether the derivatives that are used in hedging transactions are highly effective.

Certain derivative items do not qualify for hedge accounting. Such derivatives are classified as at fair value through profit or loss, and changes in their fair value are recognised immediately in the Income Statement.

Financial instruments that are measured at fair value are disclosed in the financial statements in accordance with the following fair value measurement hierarchy:

(1) *Quoted prices (unadjusted) in active markets for identical assets and liabilities* (level 1)
(2) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices), or indirectly (that is, derived from prices) (level 2)
(3) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3)

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

The Company operate a define benefit pension scheme. The scheme is funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Company has both defined benefit and defined contribution plans.

A defined contribution plan is a pension plan under which the Company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the Balance Sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date, less the fair value of plan assets. The defined benefit obligation is calculated periodically by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Current and past service costs are recognised immediately in the Income Statement. Interest cost on plan liabilities and interest income on plan assets are recognised in finance costs. Curtailment gains arising from amendments to the terms of a defined benefit plan such that a significant element of future service by current employees will no longer qualify for benefits, or will only qualify for reduced benefits, are recognised in the Income Statement. Re-measurement gains and losses arising from experience adjustments and changes in actuarial and demographic assumptions are charged or credited to the Statement of Comprehensive Income in the period in which they arise.

For defined contribution plans, contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Segmental information

The Directors have taken advantage of the exemption contained within IFRS8: Operating Segments and have not disclosed segmental analysis within these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(1) Segment analysis

	Year ended 31 May 2015				Year ended 31 May 2014			
	United Kingdom £000	Other EU countries £000	Rest of World £000	Total £000	United Kingdom £000	Other EU countries £000	Rest of World £000	Total £000
Goods	39,837	1,671	1,286	**42,794**	38,427	2,145	2,124	**42,696**
Revenue by destination	**39,837**	**1,671**	**1,286**	**42,794**	**38,427**	**2,145**	**2,124**	**42,696**

(2) Financial income

	2015 £000	2014 £000
Bank interest receivable	17	17
Foreign exchange arising on funding balances	306	109
Expected return on the pension schemes	1,051	923
	1,032	**1,049**

(3) Financial costs

	2015 £000	2014 £000
Interest payable on bank loans, overdrafts and similar	301	340
Interest payable on finance leases and hire purchase contracts	40	31
Interest charge on the pension schemes	1,316	1,253
	1,316	**1,624**

(4) Profit on ordinary activities before taxation

Is stated after charging/(crediting):

	2015 £000	2014 £000
Depreciation		
- Owned	342	333
- Leased	189	132
Operating lease rentals	381	366
Auditors' remuneration payable to the Company auditors	27	27
Write off of investments	-	524

NOTES TO THE FINANCIAL STATEMENTS

(5) Directors and employees

	2015 £000	2014 £000
Wages and salaries	4,552	4,358
Social security costs	424	415
Other pension costs	206	94
Staff costs	**5,182**	**4,867**

	2015 Number	2014 Number
Production	116	109
Administrative and selling	41	42
Average number employed by the Company	**157**	**151**

	2015 £000	2014 £000
Aggregate directors' emoluments	368	411
Aggregate pension contributions of the directors	49	47
	417	**458**
Emoluments of the highest paid director	181	195
Pension contributions of the highest paid director	31	**30**
	212	**225**

Two of the directors are members of a defined benefit pension scheme (closed to future accrual) (2014: two).

NOTES TO THE FINANCIAL STATEMENTS

(6) Tax on profit on ordinary activities

	2015 £000	2014 £000
Current tax charge		
- Current year	56	19
- In respect of prior periods	608	243
Current tax charge	**664**	**262**
Deferred tax charge		
- Origination and reversal of timing differences	(77)	51
- Movements on pension scheme	155	164
Deferred tax charge	**78**	**215**
Total tax on ordinary activities before taxation	**742**	**477**

The tax assessed for the year is higher (2014: higher) than the standard rate of corporation tax in the UK of 20.83% (2014: 22.67%).

The differences between the total tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax are as follows:

	2015 £000	2014 £000
Profit on ordinary activities before taxation	2,108	2,358
Tax on profit on ordinary activities at standard UK corporation tax rate of 20.83% (2014: 22.67%)	439	534
Effects of:		
- Movements in short-term timing differences	95	99
- Adjustment in respect of prior periods (see below)	608	243
- Expenses not deductible	(188)	(145)
- Group loss relief	(574)	(562)
- Imputed interest	207	144
- Movements on pension scheme	155	164
Total tax charge	**742**	**477**

Included within the above is an amount of £608,000 (2014: £243,000) in respect of prior periods. This arose as the group loss relief allocated in the calculation of the tax provision for statutory accounts purposes in the year ended 31 May 2014 and 2013 was different compared to the final allocation used in the tax return submission.

Implications of the Finance Bill 2013

The main rate of corporation tax was reduced to 21% from 1 April 2014 and to 20% from 1 April 2015 as part of the Finance Bill on 2 July 2013. As the changes were substantively enacted at the balance sheet date, any deferred tax balances were recorded at 20%. Further changes to the UK corporation tax rates were announced in the Chancellor's Budget on 8 July 2015. These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 18% from 1 April 2020. As the changes had not been substantively enacted at the balance sheet date, their effects are not included in these financial statements and the overall effect is not considered to be material.

NOTES TO THE FINANCIAL STATEMENTS

(7) Dividends

	2015 £000	2014 £000
Equity – ordinary £0.056 per share (2014: £0.125 per share)	450	1000
	450	**1000**

(8) Property, plant and equipment

	Land and buildings £000	Plant and machinery and motor vehicles £000	Total £000
Cost			
At 1 June 2013	904	8,289	9,193
Additions	-	678	678
Disposals	-	(326)	(326)
At 31 May 2014	**904**	**8,641**	**9,545**
Additions	-	482	482
At 31 May 2015	**904**	**9,123**	**10,027**
Accumulated depreciation and impairment			
At 1 June 2013	504	5,826	6,330
Charge	45	420	465
Disposals	-	(326)	(326)
At 31 May 2014	**549**	**5,920**	**6,469**
Charge	45	486	531
At 31 May 2015	**594**	**6,406**	**7,000**
Carrying amount			
At 31 May 2013	400	2,463	2,863
At 31 May 2014	355	2,721	3,076
At 31 May 2015	**310**	**2,717**	**3,027**

The net book value of leased assets included within plant and machinery and motor vehicles is £1,287,000 (2014: £1,211,000).

NOTES TO THE FINANCIAL STATEMENTS

(9) Investments

	2015 £000	2014 £000	2013 £000
Cost and net book value			
At the beginning of the year	857	1,381	1,381
Amounts written off as a result of the dormant company strike off	-	(524)	-
At the end of the year	**857**	**857**	**1,381**

In the prior year, the Company struck off its investments in CIM Investments Limited, Associated Lead Manufacturers Limited, Calder Metal Processors Limited and Lead Technologies Limited. The resultant net write off of investments and the relevant intercompany balances were offset by dividend income arising on the strike offs.

The company has shareholdings in the following subsidiary undertaking:

	Country of incorporation or registration	Principal Activity	Class of shares held	% Holding
FSLP Limited	England and Wales	Lead merchants	Ordinary	100

The directors believe that the carrying value of the investments is supported by its underlying net assets.

(10) Inventory

	2015 £000	2014 £000	2013 £000
Raw materials and consumables	2,155	1,442	1,700
Work in progress	2,015	636	521
Finished goods and goods for resale	135	705	794
	4,305	**2,783**	**3,015**

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

The movement in the carrying value of inventory during the year is as follows:

	2015 £000	2014 £000	2013 £000
Opening inventory	2,783	3,015	3,034
Purchases in the year	30,046	29,931	26,787
Utilised/transferred to cost of sales	(28,539)	(30,134)	(26,826)
Provision movement included in cost of sales	15	(29)	20
Closing inventory	**4,305**	**2,783**	**3,015**

NOTES TO THE FINANCIAL STATEMENTS

(11) Trade and other receivables

	2015 £000	2014 £000	2013 £000
Trade receivables (see below)	5,463	6,924	6,251
Amounts owed by Group companies	12,705	11,331	14,526
Other receivables	400	177	164
Prepayments and accrued income	264	301	300
	18,832	**18,733**	**21,241**

Included within Amounts owed by Group companies is an element which is interest-bearing at a rate of 3% above Libor.

Trade receivables – further information	2015 £000	2014 £000	2013 £000
Fully performing	5,372	6,512	6,275
Over three months past due	286	562	92
Provision (see below)	(195)	(150)	(116)
	5,463	**6,924**	**6,251**

Provision

At the beginning of the year	(150)	(116)	(172)
Net movement	(45)	(34)	56
At the end of the year	**(195)**	**(150)**	**(116)**

Trade receivables which are less than three months past due are not considered impaired. Trade receivables greater than three months past due are considered for recoverability and, where appropriate, a provision against bad debts is recognised. The Company's receivables from related parties are not considered past due or impaired.

The creation and release of a provision for impaired receivables have been included within administrative expenses within the income statement. Amounts charged to the provision account are generally written off when there is no expectation of recovering additional cash. The maximum exposure to credit risk at the balance sheet date is the fair value of each class of receivable detailed above.

(12) Cash and cash equivalents

	2015 £000	2014 £000	2013 £000
Denominated in Sterling	51	157	163
	51	**157**	**163**

The fair value of cash and cash equivalents approximate to their carrying amount.

NOTES TO THE FINANCIAL STATEMENTS

(13) Trade and other payables

	2015	2014	2013
	£000	£000	£000
Trade payables	2,333	1,099	1,048
Amounts owed to Group companies	909	2,012	4,359
Other taxation and social security liabilities	504	973	1,604
Other payables	96	80	64
Accruals	1,365	1,277	1,234
	5,207	**5,441**	**8,309**

Amounts owed to Group companies are to be repaid according to agreed schedules for repayment which is on demand.

The fair value of trade and other payables approximate to their carrying amount.

(14) Borrowings

	2015	2014	2013
	£000	£000	£000
Non-current			
Bank loans	47	112	168
Obligations under finance lease agreements	594	693	351
	641	**805**	**519**
Current			
Bank loans and overdraft	53	53	53
Revolver loans	3,208	2,398	3,928
Obligations under finance lease agreements	323	257	133
	3,584	**2,708**	**4,114**
Total borrowings	**4,225**	**3,513**	**4,633**

The bank loans and Revolver loans are secured by a fixed and floating charge over the assets of the company. Interest is charged at a margin of 2.75% over Libor.

The maturity of borrowings (both current and non-current) is as follows:

	Bank loans and overdraft	Revolver loans	Finance lease obligations	Total
	£000	£000	£000	£000
Between:				
1-2 years	53	3,928	133	4,114
2-5 years	168	-	351	519
2013	**221**	**3,928**	**484**	**4,633**
1-2 years	53	2,398	257	2,703
2-5 years	112	-	693	805
2014	**165**	**2,398**	**950**	**3,513**
1-2 years	53	3,208	323	3,584
2-5 years	47	-	594	641
2015	**100**	**3,208**	**917**	**4,225**

NOTES TO THE FINANCIAL STATEMENTS

(14) Borrowings (continued)

Risk assessment

Liquidity risk	The current loan facilities are complemented by Revolver loans to allow short term flexibility.
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 in currencies 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.
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 objectives when managing capital are to safeguard the Company's ability to continue as a going concern via regular monitoring of the capital position and considering ways to spread risk.

(15) Deferred income tax assets/(liabilities)

	Short term timing differences £000	Retirement benefit obligations £000	Total £000
At 31 May 2013	**(95)**	**1,214**	**1,119**
Charge to income	(51)	(164)	(215)
To other income	-	71	71
At 31 May 2014	**(146)**	**1,121**	**975**
Credit/(charge) to income	77	(155)	(78)
To other income	-	280	280
At 31 May 2015	**(69)**	**1,246**	**1,177**

(16) Called-up share capital

	2015 £000	2014 £000	2013 £000
Authorised			
8,000,000 ordinary shares of £1 each	**8,000**	8,000	8,000
Allotted, called-up and fully paid			
8,000,000 ordinary shares of £1 each	**8,000**	8,000	8,000

NOTES TO THE FINANCIAL STATEMENTS

(17) Guarantees and other financial commitments

(a) Lease commitments

The Company leases certain land and buildings on short and long-term operating leases. The rents payable under these leases are subject to renegotiation at various intervals specified in the leases. The Company pays all insurance, maintenance and repair costs of these properties.

At 31 May 2015, the Company had total commitments under non-cancellable operating leases expiring as follows:

	2015		2014	
	Land and buildings	Other assets	Land and buildings	Other assets
	£000	£000	£000	£000
Expiry				
Within one year	383	5	365	15
Between two to five years	1,520	8	1,463	10
After five years	2,256	-	2,622	-
	4,159	**13**	**4,450**	**25**

(b) Capital commitments

At the end of the financial year, the Company had capital commitments contracted for but not provided for of £nil (2014: £33,000).

(c) Group guarantees

All Group companies have given guarantees in respect of the bank and other loans taken out by certain Group companies. At 31 May 2015 the total amount guaranteed was £11.0m (2014: £12.3m).

(18) Financial instruments

IAS 32, Financial Instruments: Presentation, IAS 39, Financial Instruments: Recognition and Measurement and IFRS 7, Financial Instruments: Disclosures, also require numerical disclosures in respect of financial assets and liabilities and these are set out below and in notes 11, 12 and 14. Financial assets and liabilities are stated at either amortised cost or fair value. Where stated at amortised cost, this is not materially different to the fair value unless otherwise stated due to their short term nature.

	2015	2014	2013
	£000	£000	£000
Financial assets			
Cash - Royal Bank of Scotland (Rating A-3) (see note 12)	51	157	163
Trade receivables (see note 11)	5,463	6,924	6,251
	5,514	**7,081**	**6,414**
Financial liabilities			
Bank loans	100	165	221
Revolver loans	3,208	2,398	3,928
Finance leases	917	950	484
	4,225	**3,513**	**4,633**
Forward hedging of lead commodities: contracts			
Brought forward	2,092	2,573	1,033
Movement	(617)	481	1,540
Carried forward	**2,709**	**2,092**	**2,573**

NOTES TO THE FINANCIAL STATEMENTS

(19) Retirement benefit obligations

Background information

The Company provides various pension arrangements for employees. These are as follows:

- Defined benefit scheme
- A defined contribution scheme

Defined benefit scheme

1. Amounts (charged)/credited to the Income Statement

	2015 £000	2014 £000
Interest income on the Scheme's assets	1,051	923
Interest cost on Schemes' obligations	(1,316)	(1,253)
	(265)	**(330)**

2. Amounts recognised in the Balance Sheet

	2015 £000	2014 £000
Present value of the Scheme's obligations	(23,577)	(21,107)
Fair value of Schemes' assets	17,349	15,769
	(6,228)	**(5,338)**

3. Amounts recognised in the Statement of Comprehensive Income

	2015 £000	2014 £000
Actual less expected return on assets	434	220
Net experience loss	155	(1,379)
Loss on changes in assumptions	(1,989)	821
	(1,400)	**(338)**

NOTES TO THE FINANCIAL STATEMENTS

(19) Retirement benefit obligations (continued)

The most recent actuarial valuation was carried out as at 6 April 2013. The valuation has been updated by an independent qualified actuary for inclusion in these financial statements. The schemes are closed to new members and future accrual.

The major assumptions used by the Actuary were:

	2015	2014
Rate of increase in salaries	N/A	N/A
Rate of increase in pensions in payment (1)	2.9%	3.1%
Discount rate	3.65%	4.45%
Inflation assumption	3.15%	3.25%
Allowance for commutation of pension for cash at retirement	80%	80%
Increase to deferred benefits during deferment	N/A	N/A
Mortality assumptions – pre-retirement	PCA 00 Scaling Factor 96/92%	PCA 00 Scaling Factor 96/92%
Mortality assumptions – post-retirement	PCA 00 Scaling Factor 96/92%	PCA 00 Scaling Factor 96/92%

(1) RPI with CPI being one percentage point lower.

Sensitivity of key assumptions:

The table below gives an approximation of the impact on the IAS19 (Revised) pension schemes' liabilities to changes in assumptions and experience. All figures are before allowing for deferred tax.

	Approximate increase/(decrease) on retirement benefit obligations
	£000
Increase/reduce discount rate by 0.1%	217
Increase/reduce price inflation assumption by 0.1%	217

The above sensitivity analyses are based on a change in the assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

NOTES TO THE FINANCIAL STATEMENTS

(19) Retirement benefit obligations (continued)

History of experience gains and losses for the financial year:

	2015	2014
Difference between the expected and actual return on schemes' assets:		
Amount (£ 000)	434	220
Percentage of scheme's assets	2.5%	1.3%
Experience gains and losses on scheme's liabilities:		
Amount (£ 000)	155	(1,379)
Percentage of schemes' liabilities	0.65%	6.5%
Total actuarial loss recognised in the Statement of Comprehensive Income		
Amount (£ 000)	(1,400)	(338)
Percentage of scheme's liabilities	5.9%	1.6%

Reconciliation of present value of the Scheme's obligations:

	2015	2014
	£000	£000
At the beginning of the year	21,107	19,920
Interest on obligations	1,316	892
Benefits paid	(680)	(624)
Actuarial loss	1,834	558
At the end of the year	**23,577**	**21,107**

Reconciliation of fair value of the Scheme's assets:

	2015	2014
	£000	£000
At the beginning of the year	15,769	14,643
Expected return on assets	1,051	923
Employer Contributions	775	607
Benefits paid	(680)	(624)
Actuarial gain	434	220
At the end of the year	**17,349**	**15,769**

NOTES TO THE FINANCIAL STATEMENTS

(19) Retirement benefit obligations (continued)

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

	Expected rate of return 31 May 2015 %	Fair value 31 May 2015 £ 000	Expected rate of return 31 May 2014 %	Fair value 31 May 2014 £ 000
Equities and property	6.8	11,850	6.9	10,774
Bonds	3.6	5,335	4.4	4,856
Others	0.5	164	0.5	139
Total fair value of scheme assets		17,349		15,769
Present value of the scheme liabilities		(23,577)		(21,107)
Deficit in scheme		(6,228)		(5,338)
Related deferred tax asset		1,246		1,121
Net pension deficit		**(4,982)**		(4,217)

Defined contribution schemes and personal pension plans

The total expense for these schemes during the year was £206,000 (2014: £94,000).

Details in connection with 2013

The major assumptions used by the Actuary were:

	2013
Rate of increase in salaries	N/A
Rate of increase in pensions in payment (1)	3.10%
Discount rate	4.55%
Inflation assumption	3.3%
Allowance for commutation of pension for cash at retirement	50%
Increase to deferred benefits during deferment	-
Mortality assumptions – pre-retirement	PCA medium cohort
Mortality assumptions – post-retirement	YOB/96% scaling

(2) RPI with CPI being one percentage point lower.

NOTES TO THE FINANCIAL STATEMENTS

(19) Retirement benefit obligations (continued)

History of experience gains and losses for the financial year:

	2013
Difference between the expected and actual return on schemes' assets:	
Amount (£ 000)	1,920
Percentage of scheme's assets	13.1%
Experience gains and losses on scheme's liabilities:	
Amount (£ 000)	-
Percentage of schemes' liabilities	0.00%
Total actuarial loss recognised in the Statement of Comprehensive Income	
Amount (£ 000)	1,012
Percentage of scheme's liabilities	5.0%

Reconciliation of present value of the Scheme's obligations:

	2013 £000
At the beginning of the year	19,517
Interest on obligations	836
Benefits paid	(1,341)
Actuarial loss	908
At the end of the year	**19,920**

Reconciliation of fair value of the Scheme's assets:

	2013 £000
At the beginning of the year	12,697
Expected return on Schemes' assets	775
Benefits paid	(1,341)
Employer contributions	592
Actuarial gains	1,920
At the end of the year	**14,643**

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

	Expected rate of return 31 May 2013 %	Fair value 31 May 2013 £ 000
Equities and property	7.25	9,890
Bonds	4.55	4,704
Others	0.5	49
Total fair value of scheme assets		14,643
Present value of the scheme liabilities		(19,920)
Deficit in scheme		(5,277)
Related deferred tax asset		1,244
Net pension deficit		(4,063)

NOTES TO THE FINANCIAL STATEMENTS

(20) Related parties and controlling interests

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 for the purposes of consolidation for the year ended 31 May 2015.

Calder Finco UK Ltd is wholly owned by Caldergroup Swiss AG, which, in turn, from 10 April 2015, is owned by Calder Group Holdings Limited. This company 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 2015. Calder Finco UK Ltd is the smallest group of undertakings to consolidate these financial statements for the same period.

On 10 April 2015, a new UK holding company (incorporated and registered in the UK), Calder Group Holdings Limited, was inserted into the top of the group structure and that company will prepare consolidated financial statements for the period to 31 May 2016.

The Calder Finco UK Ltd financial statements are publicly available from its registered office, Jupiter Drive, Chester, CH1 4EX.

The following transactions were carried out with related parties in the year:

	2015 £000	2014 £000	2013 £000
Dividends paid	**(450)**	(1,000)	(1,000)
Revenues from Other Group Companies	**1,636**	1,493	1,426
Purchases from Other Group Companies	**(15,148)**	(17,448)	(17,549)
Amounts due from Other Group Companies	**12,075**	9,319	10,167
Amounts due to Other Group Companies (for trading)	**(909)**	(2,012)	(4,359)

Key management compensation

Key management comprises the directors of the Company. Their compensation is set out in note 5.

NOTES TO THE FINANCIAL STATEMENTS

(21) IFRS transitional information

The Company has elected a date of transition to IFRS of 1 June 2013; this being the start of the earliest period of comparative information presented in this first IFRS financial statements.

The principal changes to the accounting policies of the Group as a result of the adoption of IFRS are outlined below:

IAS 1 – Presentation of financial statements

The format of primary financial statements is governed by the Companies Act 2006. IAS 1 – Presentation of financial statements – is less prescriptive in terms of the items that are required to be disclosed. Nevertheless, the transition to IFRS has resulted in the Company changing the format of its income statement, balance sheet and cash flow statement.

Additional changes include the addition of a new primary statement, the Statement of Comprehensive Income, which replaces the previous Statement of Total Recognised Gains and Losses.

IAS 19 – Employee benefits

Under UK GAAP, the Company did not make a provision for holiday pay, that is, holiday earned but not taken prior to the year end. In contrast, IAS 19 requires the cost of short-term compensated absences to be recognised when employees render the service that increases their entitlement. As a result an additional accrual has been made to reflect this.

IAS 19 requires the calculation of a net interest cost, calculated by applying the discount rate to the net defined benefit liability at the beginning of the year. Under UK GAAP the pension charge to the profit and loss account consisted of an interest cost on the defined benefit obligation and an expected return on plan assets.

Set out below is the effect of adopting IFRS on the financial statements. The information covers the following:

- Income Statement for the year ended 31 May 2014 (comparative data)
- Balance Sheet as at 31 May 2014 (comparative data)
- Balance Sheet as at 31 May 2013 (the transition date)

There is no effect on net cash generated by operating activities and changes in cash and cash equivalents for the period so no transitional table has been prepared.

NOTES TO THE FINANCIAL STATEMENTS

(21) IFRS transitional information (continued)

Income statement for the year ended 31 May 2014

	UK GAAP £000	Pension interest adjustment £000	Holiday pay accrual £000	IFRS £000
Revenue	42,696	-	-	42,696
Cost of sales	(35,751)	-	-	(35,751)
Gross profit	**6,945**	**-**	**-**	**6,945**
Administrative expenses	(3,995)	-	(17)	(4,012)
Operating profit	**2,950**	**-**	**-**	**2,933**
Exceptional items	(524)	-	-	(524)
Total operating profit	**2,426**	**-**	**(17)**	**2,409**
Dividend income	524	-	-	524
Financial income	1,049	-	-	1,049
Financial expense	(1,263)	(361)	-	(1,624)
Profit before tax	**2,736**	**(361)**	**(17)**	**2,358**
Tax	(553)	73	3	(477)
Profit after tax	**2,183**	**(361)**	**(17)**	**1,881**

NOTES TO THE FINANCIAL STATEMENTS

(21) IFRS transitional information (continued)

Balance sheet at 31 May 2014

	UK GAAP £000	Pension interest adjustment £000	Holiday pay accrual £000	Deferred tax £000	IFRS £000
Assets					
Current					
Inventory	2,783	-	-	-	2,783
Trade and other receivables	18,733	-	-	-	18,733
Cash	157	-	-	-	157
Current tax asset	-	-	-	1,121	1,121
Current income tax asset	-	-	-	-	-
	21,673	**-**	**-**	**1,121**	**22,794**
Non-current					
PPE	3,076	-	-	-	3,076
Investments	857	-	-	-	857
	3,933	**-**	**-**	**-**	**3,933**
Liabilities					
Current					
Trade and other payables	(5,405)	-	(36)	-	(5,441)
Borrowings	(2,708)	-	-	-	(2,708)
Current tax payable	(44)	-	-	-	(44)
	(8,157)	**-**	**(36)**	**-**	**(8,193)**
Non-current					
Borrowings	(805)	-	-	-	(805)
Deferred tax	(146)	-	-	-	(146)
Retirement benefit obligations	(4,217)	-	-	(1,121)	(5,338)
	(5,168)	**-**	**-**	**(1,121)**	**(6,289)**
Net assets	**12,281**	**-**	**(36)**	**-**	**12,245**
Share capital	8,000	-	-	-	8,000
Retained earnings	4,281	-	(36)	-	4,245
Shareholder's funds	**12,281**	**-**	**(36)**	**-**	**12,245**

NOTES TO THE FINANCIAL STATEMENTS

(21) IFRS transitional information (continued)

Balance sheet at 31 May 2013

	UK GAAP £000	Pension interest adjustment £000	Holiday pay accrual £000	Deferred tax £000	IFRS £000
Assets					
Current					
Inventory	3,015	-	-	-	3,015
Trade and other receivables	21,241	-	-	-	21,241
Cash	163	-	-	-	163
Current tax asset	-	-	-	1,214	1,214
Current income tax asset	68	-	-	-	68
	24,487	**-**	**-**	**1,214**	**25,701**
Non-current					
PPE	2,863	-	-	-	2,863
Investments	1,381	-	-	-	1,381
	4,244	**-**	**-**	**-**	**4,244**
Liabilities					
Current					
Trade and other payables	(8,290)	-	(19)	-	(8,309)
Borrowings	(4,114)	-	-	-	(4,114)
Current tax payable	-	-	-	-	-
	(12,404)	**-**	**(19)**	**-**	**(12,423)**
Non-current					
Borrowings	(519)	-	-	-	(519)
Deferred tax	(95)	-	-	-	(95)
Retirement benefit obligations	(4,063)	-	-	(1,214)	(5,277)
	(4,677)	**-**	**-**	**(1,214)**	**(5,891)**
Net assets	**11,650**	**-**	**(19)**	**-**	**11,650**
Share capital	8,000	-	-	-	8,000
Retained earnings	3,650	-	(19)	-	3,631
Shareholder's funds	**11,650**	**-**	**(19)**	**-**	**11,631**