

CALDER INDUSTRIAL MATERIALS LIMITED

Report and financial statements for the year ended

31 May 2014

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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

STRATEGIC REPORT

The directors present their strategic report on the company for the year ended 31 May 2014.

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 weak UK trading conditions and a tough global economic picture.

Turnover has increased 10% year on year, to £42.7 million (2013: £38.7 million), with operating profit (before the exceptional item) increasing 4%, to £3.0 million (2013: £2.8 million).

In our Building Products division, we experienced a small increase in volumes through 2013/14 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.

As part of a group restructuring, the company's dormant companies have been struck off in the year. This has had no impact on the profit and loss account as the write off of investments and the relevant intercompany balances has been offset by dividend income arising from the strike off process.

The FRS17 valuation of the deficit of the defined benefit pension scheme (after the impact of deferred tax) has risen slightly from £4.1m to £4.2m. 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.

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.

FINANCIAL RISK MANAGEMENT

Funding and liquidity management are managed on a centralised basis by the group finance function (headed by Calder Finco UK Ltd). 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, senior loans, revolving credit facility, 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.

CALDER INDUSTRIAL MATERIALS LIMITED

STRATEGIC REPORT (CONTINUED)

FINANCIAL RISK MANAGEMENT (CONTINUED)

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

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.

Pensions

The company operates a defined benefit scheme (which is now closed to future accrual). The scheme's assets and liabilities are actively managed and reviewed to ensure there is an acceptable level of controllable risk arising.

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. The key measures of EBITDA and profit can be derived from these accounts.



M Henderson

Director

29 September 2014

DIRECTORS' REPORT

The directors present the Directors' Report on the affairs of the company (registered number 00028073) together with the audited financial statements for the year ended 31 May 2014.

RESULTS AND DIVIDENDS

The directors have approved a payment of a dividend of £1 million (2013: £1 million). The non-cash dividend was settled via the intercompany account. The result for the year is shown on page 11.

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.

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.

RISKS AND UNCERTAINTIES

Details of the company's position on risks and uncertainties are included in the Strategic Report on pages 4 and 5.

BUSINESS REVIEW AND FUTURE OUTLOOK

Details of the company's business review and future outlook are included in the Strategic Report on pages 4 and 5.

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.

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.

CALDER INDUSTRIAL MATERIALS LIMITED

DIRECTORS' REPORT (continued)

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
M Henderson
Director
29 September 2014

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board,



M Henderson
Director
29 September 2014

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

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 May 2014 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.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by Calder Industrial Materials Limited, comprise:

- the balance sheet as at 31 May 2014;
- the profit and loss account for the year then ended;
- the statement of total recognised gains and losses for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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).

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.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("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.

In addition, we read all the financial and non-financial information in the Report and financial statements (the "Annual Report") 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.

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

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, 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.

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 Statement of Directors' Responsibilities set out on page 8, 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 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.



Jonathan Studholme (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
29 September 2014

PROFIT AND LOSS ACCOUNT

Year ended 31 May 2014

	Notes	2014 £'000	2013 £'000
Turnover	2	42,696	38,694
Cost of sales		(35,751)	(32,209)
		<hr/>	<hr/>
Gross profit		6,945	6,485
Distribution costs		(1,105)	(978)
Administrative expenses		(2,890)	(2,679)
		<hr/>	<hr/>
Operating profit – before exceptional item		2,950	2,828
Write off of investments – exceptional item	10	(524)	-
		<hr/>	<hr/>
Operating profit – after exceptional item		2,426	2,828
Income from investments		524	-
Interest receivable and similar income	3	1,049	789
Interest payable and similar charges	3	(1,263)	(1,339)
		<hr/>	<hr/>
Profit on ordinary activities before taxation	4	2,736	2,278
Tax on profit on ordinary activities	7	(553)	(180)
		<hr/>	<hr/>
Profit for the financial year	18	2,183	2,098
		<hr/>	<hr/>

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 14 to 30 form an integral part of the financial statements.

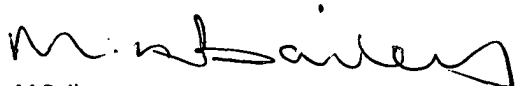
CALDER INDUSTRIAL MATERIALS LIMITED

BALANCE SHEET As at 31 May 2014

	Notes	2014 £'000	2013 £'000
Fixed assets			
Tangible assets	9	3,076	2,863
Investments	10	857	1,381
		<u>3,933</u>	<u>4,244</u>
Current assets			
Stocks	11	2,783	3,015
Debtors	12	18,733	21,309
Cash at bank and in hand		157	163
		<u>21,673</u>	<u>24,487</u>
Creditors: amounts falling due within one year	13	<u>(8,157)</u>	<u>(12,404)</u>
Net current assets		<u>13,516</u>	<u>12,083</u>
Total assets less current liabilities		<u>17,449</u>	<u>16,327</u>
Creditors: amounts falling due after more than one year	14	(805)	(519)
Provisions for liabilities and charges	16	<u>(146)</u>	<u>(95)</u>
Net assets excluding pension liability		<u>16,498</u>	<u>15,713</u>
Pension liability	21	<u>(4,217)</u>	<u>(4,063)</u>
Net assets including pension liability		<u>12,281</u>	<u>11,650</u>
Capital and reserves			
Called up share capital	17	8,000	8,000
Profit and loss account	18	4,281	3,650
Total shareholders' funds	19	<u>12,281</u>	<u>11,650</u>

The notes on pages 14 to 30 form an integral part of the financial statements.

The financial statements on pages 11 to 30 were approved by the board of directors on 29 September 2014 and were signed on its behalf by:



M Bailey

Director

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year ended 31 May 2014

	Notes	2014 £'000	2013 £'000
Profit for the financial year	18	2,183	2,098
Actuarial (loss)/gain on pension scheme	21	(699)	1,012
Movement on deferred tax relating to pension scheme deficit		147	(233)
Total recognised gains relating to the year		<u>1,631</u>	<u>2,877</u>

The notes on pages 14 to 30 form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 May 2014

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 2014

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 May 2014

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.

2. TURNOVER

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

Turnover by class of business was as follows:

	2014	2013
	£'000	£'000
Manufacture and sale of lead products	42,696	38,694

Turnover by geographical destination was as follows:

	2014	2013
	£'000	£'000
Europe		
- UK	38,427	36,555
- Other	2,145	1,639
Rest of the World	2,124	500
	42,696	38,694

3. NET FINANCE CHARGE

	2014	2013
	£'000	£'000
Interest receivable from group companies	17	14
Foreign exchange difference arising on funding loans	109	-
Return on pension scheme (note 21)	923	775
Interest receivable and similar income	1,049	789
Bank loans and overdrafts	(371)	(294)
Foreign exchange difference arising on funding loans	-	(209)
Charge on pension scheme (note 21)	(892)	(836)
Interest payable and similar charges	(1,263)	(1,339)

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 May 2014

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

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

	2014	2013
	£'000	£'000
Depreciation of tangible fixed assets		
- owned	333	361
- held under finance leases and hire purchase contracts	132	71
Operating lease rentals		
- plant and machinery	35	36
- other	465	460
Auditors' remuneration		
- audit fees	27	27
	<u> </u>	<u> </u>

5. STAFF COSTS

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

	2014	2013
	£'000	£'000
Wages and salaries	4,358	3,897
Social security costs	415	335
Other pension costs (note 21)	94	100
	<u>4,867</u>	<u>4,332</u>

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

	2014	2013
	Number	Number
Production	109	98
Selling and distribution	17	17
Administration and management	25	25
	<u>151</u>	<u>139</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 May 2014

6. DIRECTORS' REMUNERATION AND TRANSACTIONS

Directors' remuneration

	2014 £'000	2013 £'000
Aggregate emoluments	411	325
Amounts accruing to pension schemes	47	47
	458	372

Two of the directors are members of a defined benefit pension scheme (closed to future accrual) (2013: two).

Highest paid director

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

	2014 £'000	2013 £'000
Aggregate emoluments	195	139
Amounts accruing to pension schemes	30	31
	225	170

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2014 £'000	2013 £'000
Current tax		
UK corporation tax on profits in respect of current year	(19)	(31)
In respect of previous periods	(243)	(128)
Total current tax	(262)	(159)
Deferred tax		
Origination and reversal of timing differences (see note 16)	(51)	169
Movement on pension scheme (see note 16)	(240)	(190)
Total deferred tax	(291)	(21)
Total tax charge in the profit and loss account	(553)	(180)

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 May 2014

7. TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

The tax assessed for the year is lower (2013: lower) than the standard rate of corporation tax in the UK of 22.67% (2013: 23.83%). The differences are explained below:

	2014	2013
	£'000	£'000
Profit on ordinary activities before tax	2,736	2,278
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 22.67% (2013: 23.83%)	620	543
Effects of:		
Capital allowances in excess of depreciation	(10)	67
Expenses not deductible for tax purposes	2	2
Pension deduction	(145)	(127)
Imputed interest	144	129
Group loss relief	(562)	(566)
Adjustment in respect of previous periods	243	128
Finance lease depreciation	(30)	(17)
Current tax charge for year	262	159

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 have been substantively enacted at the balance sheet date, any deferred tax balances have been re-measured.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 May 2014

8. DIVIDENDS

	2014	2013
	£'000	£'000
Equity – ordinary		
Final 12.5p per share (2013: paid 12.5p per share)	1,000	1,000

9. TANGIBLE ASSETS

	Leasehold improvements £'000	Plant and Machinery £'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
Accumulated depreciation			
At 1 June 2013	504	5,826	6,330
Charge for the year	45	420	465
Disposals	-	(326)	(326)
At 31 May 2014	549	5,920	6,469
Net book value			
At 31 May 2014	355	2,721	3,076
At 31 May 2013	400	2,463	2,863

The net book value of fixed assets included £1,210,646 (2013: £627,916) 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 May 2014

10. INVESTMENTS

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

The company has shareholdings in the following subsidiary undertaking:

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

During the 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 was offset by dividend income arising on the strike offs.

The directors believe that the book value of its investment is supported by its underlying net assets.

11. STOCKS

	2014	2013
	£'000	£'000
Raw materials and consumables	1,442	1,700
Work-in-progress	636	521
Finished goods and goods for resale	705	794
	2,783	3,015

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 May 2014

12. DEBTORS

	2014	2013
	£'000	£'000
Due within one year:		
Trade debtors	6,924	6,251
Amounts owed by other group undertakings	11,331	14,526
Other debtors	177	164
Prepayments and accrued income	301	300
Corporation tax debtor	-	68
	18,733	21,309

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

	2014	2013
	£'000	£'000
Bank loans (secured) (note 15)	53	53
Other loans (see below) (note 15)	2,398	3,928
Obligations under finance leases and hire purchase contracts (note 15)	257	133
Trade creditors	1,099	1,048
Amounts owed to other group undertakings	2,012	4,359
Corporation tax	44	-
Taxation and social security	230	230
VAT payable	743	1,374
Other creditors	80	64
Accruals and deferred income	1,241	1,215
	8,157	12,404

Bank borrowings comprise £163,815 (2013: £221,000) 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 (2013: in favour of Burdale Financial Limited) 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 (2013: 2.75% over Libor).

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 May 2014

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

	2014	2013
	£'000	£'000
Bank loans (secured) (note 15)	112	168
Obligations under finance leases and hire purchase contracts	693	351
	<hr/>	<hr/>
	805	519
	<hr/> <hr/>	<hr/> <hr/>

15. BORROWINGS

The maturity of the borrowings is as follows:

	2014	2013
	£'000	£'000
Bank loans and overdraft		
In one year or less, or on demand	2,450	3,981
More than one year	112	168
	<hr/>	<hr/>
	2,562	4,149
	<hr/> <hr/>	<hr/> <hr/>
 Obligations under finance leases and hire purchase contracts		
In one year or less, or on demand	257	133
More than one year	693	351
	<hr/>	<hr/>
	950	484
	<hr/> <hr/>	<hr/> <hr/>
 Total borrowings		
In one year or less, or on demand	2,707	4,114
More than one year	805	519
	<hr/>	<hr/>
	3,512	4,633
	<hr/> <hr/>	<hr/> <hr/>

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 May 2014

16. PROVISIONS FOR LIABILITIES AND CHARGES

Provisions for liabilities and charges comprise:

	2014 £'000	2013 £'000
At beginning of the year	95	264
Charged/(credited) to the profit and loss account (see note 7)	51	(169)
At end of the year	146	95

The deferred taxation balance at 31 May 2014 consists of:

	2014 £'000	2013 £'000
Accelerated capital allowances	151	100
Short term timing differences	(5)	(5)
Total provision for deferred tax	146	95

	£'000
<i>Deferred tax asset relating to the pension deficit</i>	
At beginning of the year	1,214
Deferred tax charge included in the profit and loss account (see note 7)	(240)
Deferred tax debit taken to the statement of total recognised gains and losses	147
At the end of the year	1,121

The deferred tax asset of £1,121,000 (2013: £1,214,000) has been deducted in arriving at the net pension deficit on the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 May 2014

17. CALLED UP SHARE CAPITAL

	2014 £'000	2013 £'000
<i>Authorised, allotted, called up and fully paid</i> (2013: 8,000,000) ordinary shares of £1 each	8,000	8,000

18. PROFIT AND LOSS ACCOUNT

	Profit and loss account £'000
At 1 June 2013	3,650
Profit for the financial year	2,183
Dividends	(1,000)
Actuarial loss on pension scheme (net of deferred tax)	(552)
At 31 May 2014	4,281

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2014 £'000	2013 £'000
Profit for the financial year	2,183	2,098
Dividends	(1,000)	(1,000)
Actuarial (losses)/gains on pension scheme (net of deferred tax)	(552)	779
Net addition in shareholders' funds	631	1,877
Opening shareholders' funds	11,650	9,773
Closing shareholders' funds	12,281	11,650

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 May 2014

20. GUARANTEES AND OTHER FINANCIAL COMMITMENTS

a) Capital commitments

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

b) Lease commitments

Annual commitments under non-cancellable operating leases are as follows:

	2014		2013	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Expiry date:				
- within one year	-	31	-	24
- between two and five years	-	28	-	74
- after five years	366	-	365	-
	<u>366</u>	<u>59</u>	<u>365</u>	<u>98</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 2014 there were outstanding commitments to buy lead totalling £2,091,726 (2013: £2,573,011).

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 2014 was £12.3m (2013: £13.9m).

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

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

(i) Financial assets

	2014 £'000	2013 £'000
Cash at bank and in hand		
Denominated in Sterling	157	160
Denominated in Euros	-	3
Denominated in other currencies	-	-
	<u>157</u>	<u>163</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 May 2014

20. GUARANTEES AND OTHER FINANCIAL COMMITMENTS (CONTINUED)

(i) Financial assets (continued)

	2014 £'000	2013 £'000
<i>Trade debtors</i>		
Fully performing	6,823	6,290
Over three months past due	251	77
Provision	(150)	(116)
	<u>6,924</u>	<u>6,251</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:

	2014 £'000	2013 £'000
At the beginning of the year	(116)	(172)
Net movement	(34)	56
At the end of the year	<u>(150)</u>	<u>(116)</u>

(ii) Financial liabilities

	2014 £'000	2013 £'000
Other loans (all due within one year)	2,398	3,928
Bank loans due within one year	52	53
Bank loans due after one year	112	168
Finance leases due within one year	257	133
Finance lease due after one year	693	351
	<u>3,512</u>	<u>4,633</u>

(iii) Hedging

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

	2014 £'000	2013 £'000
Forward contracts	2,092	2,573
	<u>2,092</u>	<u>2,573</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 May 2014

21. PENSION ARRANGEMENTS

Defined benefit scheme

The company provides pension arrangements to some of its full time employees through a defined benefit scheme. The scheme is closed to new entrants and future accrual.

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:

	2014 %	2014 £'000	2013 %	2013 £'000	2012 %	2012 £'000	2011 %	2011 £'000	2010 %	2010 £'000
Equities and property	6.90	10,774	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	4.40	4,856	4.55	4,704	4.4	2,313	5.3	2,100	5.5	2,762
Others	0.5	139	0.5	49	0.5	89	0.5	89	0.5	425
		<u>15,769</u>		<u>14,643</u>		<u>12,697</u>		<u>13,589</u>		<u>12,427</u>
Present value of the scheme liabilities		(21,107)		(19,920)		(19,517)		(18,014)		(15,651)
Deficit		<u>(5,338)</u>		<u>(5,277)</u>		<u>(6,820)</u>		<u>(4,425)</u>		<u>(3,224)</u>
Related deferred tax asset		1,121		1,214		1,637		1,151		902
Net pension deficit		<u>(4,217)</u>		<u>(4,063)</u>		<u>(5,183)</u>		<u>(3,274)</u>		<u>(2,322)</u>

Reconciliation of present value of scheme liabilities:

	2014 £'000	2013 £'000
Post retirement liability at the beginning of the year	19,920	19,517
Interest cost	892	836
Benefits paid	(624)	(1,341)
Actuarial loss	919	908
Post retirement liability at the end of the year	<u>21,107</u>	<u>19,920</u>

Reconciliation of fair value of scheme assets:

	2014 £'000	2013 £'000
Opening fair value of scheme assets	14,643	12,697
Expected return on assets	923	775
Benefits paid	(624)	(1,341)
Employer contributions	607	592
Actuarial gain	220	1,920
Closing fair value of scheme assets	<u>15,769</u>	<u>14,643</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 May 2014

21. PENSION ARRANGEMENTS (CONTINUED)

The amounts charged against profits are as follows:

	2014 £'000	2013 £'000
Operating profit		
Current service charge	-	-
Finance cost		
Expected return on scheme assets	923	775
Interest on scheme liabilities	(892)	(836)
Net total income/(charge)	31	(61)

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

	2014 £'000	2013 £'000
Actual return less expected return on scheme assets	220	1,920
Experience losses arising on scheme liabilities	(1,379)	-
Changes in assumptions underlying the present value of scheme liabilities	460	(908)
Actuarial (loss)/gain recognised in the statement of total recognised gains and losses	(699)	1,012

The most recent actuarial valuation was carried out as at 6 April 2010 and updated to 31 May 2014 by an independent qualified actuary for inclusion in these financial statements. The new valuation (due at 6 April 2014) will be available later in this calendar year. Details of the updated actuarial valuation of the scheme, conducted by the independent qualified actuary as at 31 May 2014, using the projected unit method, are as follows:

The major assumptions used for the actuarial valuation were:

	2014	2013	2012	2011	2010
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%	3.10%	2.60%	2.80%	2.80%
Discount rate	4.45%	4.55%	4.40%	5.30%	5.50%
Inflation assumption (RPI)	3.25%	3.30%	2.80%	3.00%	3.00%
Allowance for commutation of pension for cash at retirement	80%	50%	50%	50%	50%
Increase to deferred benefits during deferment	-	-	-	3.00%	3.00%

The mortality assumption is PCA medium cohort YOB with a 1% floor on improvements and a 96 % scaling factor (2013: PCA medium cohort YOB with a 1% floor on improvements and a 96% scaling factor).

The CPI index in 2014 is one percentage point less than RPI.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 May 2014

21. PENSION ARRANGEMENTS (CONTINUED)

History of experience gains and losses for the financial year:

	2014	2013	2012	2011	2010
Difference between the expected and actual return on scheme assets:					
Amount (£ 000)	220	1,920	(1,705)	681	1,052
Percentage of scheme assets	1.40%	13.1%	13.4%	5.0%	8.4%
Experience gains and losses on scheme liabilities:					
Amount (£ 000)	(1,379)	-	-	(1,490)	(507)
Percentage of scheme liabilities	6.5%	0.00%	0.00%	8.3%	3.2%
Total actuarial gain/(loss) recognised in the statement of total recognised gains and losses:					
Amount (£ 000) – gross	(688)	1,012	(2,977)	(1,324)	(2,686)
Percentage of scheme liabilities	3.26%	5.0%	15.25%	7.3%	17.1%

Defined contribution scheme

The company also operates a defined contribution scheme. The cost of contributions to the defined contribution scheme amounted to £93,601 (2013: £100,496).

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 2014. 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.