Calder Industrial Materials Limited

Registered number: 00028073

Annual Report

For the year ended 31 May 2023

CALDER INDUSTRIAL MATERIALS LIMITED

COMPANY INFORMATION

Directors	M P Armour I G Clarkson R Griffiths P K McKeon M J Saunders A W Irvine
Registered number	00028073
Registered office	Jupiter Drive Chester Cheshire CH1 4EX
Independent auditor	Mazars LLP Chartered Accountants & Statutory Auditor One St. Peter's Square Manchester M2 3DE
Bankers	Wells Fargo Capital Finance Limited 33 King William Street London EC4R 9AT
	HSBC UK Bank Plc Level 9 Royal Liver Building Liverpool L3 1HU
Solicitors	Pinsent Masons 3 Hardman Street Manchester M3 3AU

CONTENTS

STRATEGIC REPORT
FOR THE YEAR ENDED 31 MAY 2023

Introduction

The Directors present their Strategic Report for the year ended 31 May 2023.

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 activities, both organically and by acquisition, in growth sectors of the global economy.

Review of the year and future developments

The result for the year has continued to be influenced by highly competitive conditions across all the Company's markets and reported an operating loss of £454k in the current year, against last year's operating loss of £787k.

Building products division's sales volume decreased by 19% through the year ended 31 May 2023, with the average selling margin up 2% year on year. The business remains well placed to take advantage of any further increase in construction activity and/or an easing in the market trading conditions.

Engineering products division's sales volume decreased 19% through the year ended 31 May 2023, with the average selling margin up 41% year on year. The order book remains strong and the Directors are optimistic that this will be converted into further earnings growth over the next 12 months.

The defined benefit pension scheme surplus valuation has increased from £1.6m to £3.2m, due to the combination of ongoing company contributions and improved returns in asset performance. The pension scheme is closed to new entrants and future accrual.

Net assets decreased from £7,087k to £6,499k.

The Directors propose a dividend for the year of £Nil (2022 - £Nil).

Key performance indicators

The Board uses various KPIs to monitor and benchmark the effectiveness of the Company's performance and position. The main KPI being EBITDA / Sales. EBITDA is calculated by taking the net profit or loss for the year and adding back net finance costs, depreciation and amortisation, should any exist. For the year ended 31 May 2023 this ratio was positive 0.66% (2022 - negative 0.15%).

Underlying EBITDA reconciliation

	2023 £000	2022 £000
Operating loss after exceptional costs	(454)	(787)
Add back depreciation	667	732
EBITDA after exceptional costs	213	(55)
Underlying EBITDA	**213**	**(55)**

Underlying EBITDA reconciliation (continued)

	2023 £000	2022 £000	Variance
Revenue	32,167	35,801	-10%
Underlying EBITDA	213	(55)	-487%
Underlying EBITDA: Revenue %	0.66%	-0.15%	

Principal risks and uncertainties

Set out below are what the Board consider to be the other 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 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 The Company operates in a competitive marketplace. Aggressive pricing from our competitors could cause a reduction in our revenues and margins.	The Company aims to minimise this by continuing to focus on its 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 strategy based on well-established methodologies. The strategy 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 strategy, 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 for contingent rental payments. Interest on revolver facilities are managed by regular review with the incumbent funding provider of terms and conditions. Overall, the Board considers this risk to be minimal.
Climate Change/ Environmental Risk Government legislation varies across territories in respect of emissions targets of greenhouse gases and other messages to reduce carbon footprint. Also operating in different territories means the group faces varied environmental risks in relation to clean up and management of materials.	The Group monitors applicable legislation and ensures it is compliant in all areas of its operations.

Principal risks and uncertainties (continued)

Risk (continued)	**Mitigation (continued)**
Credit risk The Company 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.
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 September 2026. The Asset Based Lending scheme means availability of funding flexes with the movement in the underlying commodity prices and working capital levels.
Health and safety risk The Company main operations are in a manufacturing environment, which carries a degree of risk to employees and others who are on site.	Health and safety is one of the Company's operational priorities. It is an agenda item in weekly management meetings. The Company is focussed on protecting the wellbeing of employees and visitors to site with the implementation of policies, procedures and standards to ensure compliance with legal obligations and industry standards. Also, to ensure business continuity and to protect the Company's reputation.
Technology risk The digital world creates many risks for businesses including technology failures, loss of confidential data and damage to brand reputation.	We seek to assess and manage the maturity of our enterprise risk and security infrastructure and our ability to defend effectively against current and future cyber risks by using analysis tools and experienced professionals to mitigate potential impacts. The Company relies on a variety of IT systems in order to manage and deliver goods and services to our customers.

Principal risks and uncertainties (continued)

Risk (continued)	**Mitigation (continued)**
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 scheme is closed to new members. 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.

This report was approved by the board and signed on its behalf.

iain clarkson
iain clarkson (Nov 15, 2023 14:52 GMT)

I G Clarkson
Director

Date: 15 November 2023

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MAY 2023

The Directors present their report and the audited financial statements for the year ended 31 May 2023.

Results and dividends

The loss for the year, after taxation, amounted to £1,388k (2022 - £1,490k).

The Company did not pay a dividend in the year, the Directors have proposed a dividend of £Nil (2022 - £Nil).

Directors

The Directors who served during the year were:

M P Armour
I G Clarkson
P K McKeon (appointed 5 September 2022)
M J Saunders
S Vasey (resigned 15 July 2022)
R Griffiths
A W Irvine (appointed 19 June 2023)

None of the Directors have any material interests in contracts of the Company.

Political contributions

The Company did not make any political donations (2022 - £Nil) or incur any political expenditure during the year (2022 - £Nil).

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 1 to 4. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are described in the notes to the financial statements and include the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk. The supply chain is constantly monitored, and no significant sourcing difficulties are anticipated.

The Company meets its day-to-day working capital requirements through cash generated by its operations and a Group wide revolving asset backed facility. This committed facility has recently been renewed and extended to 30 September 2026. The Company has long-term contracts with several key customers and suppliers across different market sectors and the Company's forecasts and projections, taking account of possible changes in trading performance, rising energy costs and the projected increases in the cost of living, show that the Company will be able to operate within the level of its current facility.

The Directors have also modelled the business performance based on a downgraded forecast assuming a lower level of trading volumes, despite the consequent reduction in EBITDA, which the Directors consider severe but plausible, the modelling showed covenant compliance throughout all the years.

Based on their assessment, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

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.

Qualifying third party indemnity provisions

The Company has made qualifying third-party indemnity provisions for the benefit of its Directors which were in force during the financial year and at the date of approval of these financial statements.

Matters covered in the Strategic Report

As permitted by section 414C(11) of the Companies Act 2006, certain matters which are required to be disclosed in the Directors' Report have been omitted as they are included in the Strategic Report instead. These matters relate to; business review, future developments, key performance indicators and principal risks and uncertainties.

Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Directors have taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Post balance sheet events

On 9 October 2023 the Group concluded a renewal of their revolving asset backed facility with Wells Fargo. Terms have improved compared to the current facility and supports the Group's growth plans. The facility expires at the end of September 2026.

Auditor

The auditor, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

iain clarkson

iain clarkson (Nov 15, 2023 14:52 GMT)

I G Clarkson
Director

Date: 15 November 2023

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 MAY 2023

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

Company law requires the Directors to prepare audited financial statements for each financial year. Under that law the Directors have elected to prepare the audited financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the Directors must not approve the audited 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 audited 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; 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 to 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CALDER INDUSTRIAL MATERIALS LIMITED

Opinion

We have audited the financial statements of Calder Industrial Materials Limited (the 'Company') for the year ended 31 May 2023 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Dislcosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 May 2023 and of its loss 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CALDER INDUSTRIAL MATERIALS LIMITED

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CALDER INDUSTRIAL MATERIALS LIMITED

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 7, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors intend either to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the Company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation and anti-money laundering regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the Company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation and the Companies Act 2006.

In addition, we evaluated the Directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to revenue recognition (which we pinpointed to the cut-off assertion) and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:
- Making enquiries of the Directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit report

This report is made solely to the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body for our audit work, for this report, or for the opinions we have formed.

Neil Barton

Neil Barton (Senior statutory auditor)

for and on behalf of

Mazars LLP
Chartered Accountants and Statutory Auditor
One St. Peter's Square
Manchester
M2 3DE

Date: Nov 15, 2023

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MAY 2023

	Note	2023 £000	2022 £000
Revenue	4	32,167	35,801
Cost of sales		(28,673)	(32,473)
Gross profit		3,494	3,328
Sale and distribution expenses		(885)	(979)
Administrative expenses		(2,928)	(3,132)
Exceptional expenses	12	(135)	(4)
Operating loss	5	(454)	(787)
Interest receivable and similar income	9	858	516
Interest payable and similar expenses	10	(1,778)	(1,134)
Loss before tax		(1,374)	(1,405)
Tax on loss	11	(14)	(85)
Loss for the financial year		(1,388)	(1,490)
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Actuarial gain on pension scheme		1,067	2,077
Tax on actuarial gain/(loss)		(267)	(520)
		800	1,557
Total comprehensive income for the year		(588)	67

The notes on pages 17 to 44 form part of these financial statements.

All profits and losses relate to continuing operations.

CALDER INDUSTRIAL MATERIALS LIMITED
REGISTERED NUMBER: 00028073

BALANCE SHEET
AS AT 31 MAY 2023

	Note		2023 £000		2022 £000
Fixed assets					
Tangible fixed assets	13		1,505		1,846
Current assets					
Inventories	14	3,248		4,022	
Debtors due after more than 1 year	15	1,018		1,288	
Debtors due within 1 year	15	19,621		18,320	
Cash and cash equivalents	16	-		52	
		23,887		23,682	
Creditors: amounts falling due within one year	17	(20,735)		(18,290)	
Net current assets			3,152		5,392
Total assets less current liabilities			4,657		7,238
Creditors: amounts falling due after more than one year	18		(1,131)		(1,546)
			3,526		5,692
Provisions for liabilities					
Other provisions	22	(224)		(208)	
			(224)		(208)
Net assets excluding pension asset			3,302		5,484
Retirement benefit obligations	26		3,197		1,603
Net assets			6,499		7,087
Capital and reserves					
Called up share capital	23		8,000		8,000
Profit and loss account	24		(1,501)		(913)
			6,499		7,087

BALANCE SHEET (CONTINUED)
AS AT 31 MAY 2023

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

iain clarkson
iain clarkson (Nov 15, 2023 14:52 GMT)

I G Clarkson

Director

Date: 15 November 2023

The notes on pages 17 to 44 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MAY 2023

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 June 2021	8,000	(981)	7,019
Comprehensive income for the year			
Loss for the year	-	(1,490)	(1,490)
Actuarial gain on pension scheme	-	2,077	2,077
Tax on actuarial gain	-	(519)	(519)
Other comprehensive income for the year	-	1,558	1,558
Total comprehensive income for the year	-	68	68
At 1 June 2022	8,000	(913)	7,087
Comprehensive income for the year			
Loss for the year	-	(1,388)	(1,388)
Actuarial gain on pension scheme	-	1,067	1,067
Tax on actuarial gain	-	(267)	(267)
Other comprehensive income for the year	-	800	800
Total comprehensive income for the year	-	(588)	(588)
At 31 May 2023	8,000	(1,501)	6,499

The notes on pages 17 to 44 form part of these financial statements.

1. General information

Calder Industrial Materials Limited ("the Company") is a private company limited by shares, registered in England and Wales and incorporated in the United Kingdom. The Company's registered office and principal place of business address is Jupiter Drive, Chester West Employment Park, Chester, CH1 4EX. The Company's registered number is 00028073.

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.

The financial statements have been presented in Pounds Sterling (£), this being the functional currency of the Company.

Monetary amounts included within these financial statements are rounded to the nearest whole £1,000.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
    - paragraph 79(a)(iv) of IAS 1;
    - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures

This information is included in the consolidated financial statements of Calder Group Holdings Limited as at 31 May 2023 and these financial statements may be obtained from Jupiter Drive, Chester West Employment Park, Chester, CH1 4EX.

2. Accounting policies (continued)

2.3 Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 1 to 4. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are described in the notes to the financial statements and include the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk. The supply chain is constantly monitored, and no significant sourcing difficulties are anticipated.

The Company meets its day-to-day working capital requirements through cash generated by its operations and a Group widerevolving asset backed facility. This committed facility has recently been renewed and extended to 30 September 2026. The Company has long-term contracts with several key customers and suppliers across different market sectors and the Company's forecasts and projections, taking account of possible changes in trading performance, rising energy costs and the projected increases in the cost of living, show that the Company will be able to operate within the level of its current facility.

The Directors have also modelled the business performance based on a downgraded forecast assuming a lower level of trading volumes, despite the consequent reduction in EBITDA, which the Directors consider severe but plausible, the modelling showed covenant compliance throughout all the years.

Based on their assessment, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

2.4 Impact of new international reporting standards, amendments and interpretations

As at 31 May 2023, there are no amendments to accounting standards or IFRIC interpretations that have had a material impact on the Company's financial statements.

2. Accounting policies (continued)

2.5 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

2.6 Revenue

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 and the performance obligations are met. Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A receivable is recognised when goods are delivered since this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

When the Company undertakes projects over a period of time the revenue recognised is agree to an assessment with the customer and invoiced as a staged valuation. Associated costs are matched in the period.

The Company recognises monies received from customers as at the reporting 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.

The Company does not expect to have any contracts where the period between transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

2. Accounting policies (continued)

2.7 Leases

Assets and liabilities arising from a lease are initially measured on a present value basis looking back to the inception of the leases. The lease liabilities include the net present value of the following lease payments:

- Fixed payments, less any lease incentives received or receivable;
- Variable lease payments that are based on an index or a rate;
- Amounts expected to be payable by the lessee under residual value guarantees;
- *The exercise price of a purchase option if the lessee is reasonably certain to exercise that option;*
- Payment of penalties for terminating the lease, if the lease term reflects the lessee exercising that option;

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group incremental borrowing rate issued by Calder Group Holdings Limited, the Company's ultimate UK parent.

Right of use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability using the retrospective method from the date at the lease inception;
- Any lease payments made from the beginning of the lease at or before the commencement date less any lease incentive received;
- Any interest charged from the beginning of the lease to the commencement date;
- Any initial direct costs to enable the use of the asset;
- Restoration costs.

Payments associated with short term leases and leases of low value assets are recognised on a straight-line basis as an expense in the Statement of Comprehensive Income. Short term leases are leases of twelve months or less. Low value assets comprise IT equipment and small items of office equipment of less than €3.5k, according to Group policy interpreted from $5k in IFRS16.

Variable lease payments

Where lease agreements have a formula of calculation for revaluation of that lease within the lease term, the best estimate at the inception of the lease is calculated using known factors. During the life of the lease, as revaluations are confirmed this is treated as an event which will result in a change in the valuation of the lease liability (and the underlying asset). The depreciation and interest recognised in the the Statement of Comprehensive Income using the interest rate implicit in the revaluation or the Group's incremental borrowing rate at that point in time.

Extension and termination options

It is assumed at the inception of all leases in the Company that they will be completed until the end, termination of leases is not anticipated. If a lease is terminated, then the relevant accounting transactions would be recognised in the Balance Sheet or the Statement of Comprehensive Income to remove the asset from the accounts. In some instances, extensions are available on property, plant and equipment leases. However, in all instances, the leases will be valued to the end of the lease as dated in the lease contracts. In no instances will a lease be entered into anticipating that it will be terminated early, an extension may be anticipated. At the point in time when an extension occurs, the value of the lease will be reassessed with the new contractual payments.

2. Accounting policies (continued)

2.7 Leases (continued)

Residual value guarantee

To optimise lease cost during the contract period, the Company sometimes provides residual value guarantees in relation to equipment leases, this is particularly common with motor vehicle leases. It is expected that the residual value is estimated at the inception of the lease, but should the residual value significantly change during the lease, then the liability and asset value would be adjusted, which would also impact the depreciation and interest recognised in the the Statement of Comprehensive Income.

Leases are classified within the Company according to Group policy, as finance, right of use, short term or low value leases.

- The lease obligation for finance leases and right of use leases is measured at the present value over the lease term, applying the effective borrowing rate of the Group. The lease term is determined by the non-cancellable period in the lease taking into account any extension or termination options. The value of the lease obligation then reduces over the life of the lease by the cash repayments, less the interest charged to the obligation and finance costs in the income statement. Lease obligations are disclosed in note 20.

  The Company recognises the right of control of the assets financed by lease and consequently capitalises them according to the relevant asset classification in property, plant and equipment see note 13. The assets are also valued at the net present value of the future cashflows, including any initial payment or deposit on commencement of the lease.

- Leases held for a short-term contract, twelve months or less, or are low in value, less than £3.2k (€3.5k according to the Group policy) are charged to the Income Statement on a straight-line basis over the lease term according to their cash payments made. If there are any leases held by the Company in this way a lease commitment disclosure would be provided, however there were no short-term contract or low value leases held by the Company for the periods disclosed in these financial statements

2.8 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.9 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2. Accounting policies (continued)

2.10 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.11 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

2.12 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

Defined benefit pension plan

The Company operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

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 bligation 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 Statement of Comprehensive Income. Interest costs on plan liabilities and interest income on plan assets are recognised in net 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 benefits, or will only qualify for reduced benefits, are recognised in the Statement of Comprehensive Income. 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.

2. Accounting policies (continued)

2.13 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reportingt date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax recoverability

The deferred tax assets include balances which related to carry forward tax losses. The Company has concluded that the deferred tax assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets. The losses of the entity is expected to generate future taxable income. The losses can be carried forward indefinitely and have no expiry date.

2.14 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

2.15 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

2. Accounting policies (continued)

2.15 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Land and buildings	- over the term of the lease
Leasehold improvements	- over the term of the lease
Plant and machinery	- 3-16 years
Motor vehicles	- 3 years
Fixtures and fittings	- 5 years
Office equipment	- 3 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

Residual value is calculated on prices prevailing at the date of acquisition.

2.16 Inventories

Inventories are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each Balance Sheet date, inventories are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of Comprehensive Income. Provision is made for obsolete, slow-moving or defective items where appropriate.

Metal Inventories

Inventories of lead metal which are committed to future sales or are hedged on the London Metal Exchange (LME) are valued at the price which they are contractually committed or hedged, adjusted for unexpired contango or backwardation.

2. Accounting policies (continued)

2.17 Debtors

The Company applies the IFRS9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The trade receivables are grouped based on days past due.

The Company examines the historical profile of credit, the market and customers are closely monitored, along with macroeconomic factors that could impact the credit risk. The process is continuous throughout the year as part of senior management team reviews, and the Company has determined based on the historical periods that the expected credit losses should be assessed at 0%, as there is no underlying risk identified during the year or at 31 May 2023.

In the event there are circumstances that impact the receivable balances and the likely recoverability of that receivable will then be impaired based on the expected credit loss specific to that receivable. The factors assessed with counterparties are significant financial difficulties, probability they will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable be 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 Statement of Comprehensive Income within 'administrative expenses' should they arise. 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 'administration expenses' in the Statement of Comprehensive Income.

2.18 Cash and cash equivalents

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

Bank overdrafts are shown within borrowings in current liabilities on the Balance Sheet.

2.19 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

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

2.20 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2. Accounting policies (continued)

2.21 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets and financial liabilities are initially measured at fair value.

Financial assets

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

Fair value through profit or loss

All of the Company's financial assets other than those which meet the criteria to be measured at amortised cost are subsequently measured at fair value at the end of each reporting period, with any fair value gains or losses being recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in the Statement of Comprehensive Income includes any dividend or interest earned on the financial asset.

Debt instruments at amortised cost

Debt instruments are subsequently measured at amortised cost where they are financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and selling the financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Amortised cost is calculated using the effective interest method and represents the amount measured at initial recognition less repayments of principal plus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised or at FVOCI. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

Financial liabilities

Fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss, when the financial liability is held for trading, or is designated as at fair value through profit or loss. This designation may be made if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise, or the financial liability forms part of a group of financial instruments which is managed and its performance is evaluated on a fair value basis, or the financial liability forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at fair value through profit or loss. Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

2. Accounting policies (continued)

2.21 Financial instruments (continued)

At amortised cost

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the amortised cost of a financial liability.

2.22 Derivative financial instruments and hedging

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The group designates certain derivatives as either:

- Hedges of the fair value or recognised assets or liabilities or a firm commitment (fair value hedges);
- Hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probably forecast
  transactions (cash flow hedges); or
- Hedges of a net investment in a foreign operation (net investment hedges).

The Company does not have cashflow hedges or net investment hedges, only fair value hedges are held.

The Company follows the group policy for treatment of hedging in respect of its commodity hedging. The assets and liabilities are clearly outlined in the group policy and therefore at the inception of the hedge the relationship between those hedging instruments is known and understood. As part of the group policy the risk is laid out and the company remains within the tolerances set out in the policy, therefore mitigating risk or limiting the value of the risk.

The fair values of derivative financial instruments designated in hedge relationships are disclosed in note 28 financial risk management.

The full fair value of the hedging derivative is classified as a current asset or liability as the remaining maturity of the hedged items will always be less than 12 months, as the hedge contracts relate to trading activities and inventory. There are no hedging movements taken directly to reserves.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In applying the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The Directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

None of the accounting policy judgements applied in the year are considered to be critical judgements.

Key sources of estimation uncertainty

Inventory
The Company regularly review the ageing and obsolescence of inventory. Where slow moving or obsolete inventory is identified either through the period or during the period end inventory counts a provision will be made, charging the the Statement of Comprehensive Income and reducing the value of the inventory on the Balance Sheet.

Trade Receivables
Trade receivables are measured using the lifetime expected loss allowance, as there is no historical profile for receivables becoming unrecoverable, this is assessed at 0%. However, should a receivable become doubtful a provision will be calculated. 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 Statement of Comprehensive Income within 'administrative expenses' should they arise.

Income taxes
The Group is subject to income taxes in more than one jurisdiction. 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 Group 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.

Deferred tax
The deferred tax assets include balances which relate to carry forward tax losses. The Company has concluded that the deferred tax assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets. The entity is expected to generate future taxable income. The losses can be carried forward indefinitely and have no expiry date.

3. Judgements in applying accounting policies (continued)

Retirement benefit obligations
The Company sponsors the plan which is a funded defined benefit arrangement. Asset valuations are based on the fair value of the assets. The valuations of the liabilities of the schemes 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.

4. Turnover

An analysis of turnover by class of business is as follows:

	2023 £000	2022 £000
Turnover	32,167	35,801

Analysis of turnover by country of destination:

	2023 £000	2022 £000
United Kingdom	30,853	34,346
Rest of Europe	688	670
Rest of the world	626	785
	32,167	35,801

5. Operating loss

The operating loss is stated after charging:

	2023 £000	2022 £000
Depreciation of tangible fixed assets - owned assets	418	423
Depreciation of tangible fixed assets - right of use assets	249	309
Operating lease rentals	7	13
Loss on disposal of tangible fixed assets	7	-
Defined contribution pension cost	178	166

6. Auditor's remuneration

	2023 £000	2022 £000
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	33	36

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent company.

7. Employees

Staff costs, including Directors' remuneration, were as follows:

	2023 £000	2022 £000
Wages and salaries	4,467	4,252
Social security costs	448	420
Cost of defined contribution scheme	178	166
	5,093	4,838

The average monthly number of employees, including the Directors, during the year was as follows:

	2023 No.	2022 No.
Production	74	78
Sales and distribution	21	18
Administrative	28	30
	123	126

8. Directors' remuneration

	2023 £000	2022 £000
Directors' emoluments	308	412
Company contributions to defined contribution pension schemes	20	32
	328	444

During the year retirement benefits were accruing to 1 Director (2022 - 1) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £118k (2022 - £147k).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £11k (2022 - £13k).

There are no Directors who are members of the defined benefit pension scheme (closed to future accrual) (2022 - £Nil).

9. Interest receivable

	2023 £000	2022 £000
Interest income on defined benefit pension scheme	858	516

10. Interest payable and similar expenses

	2023 £000	2022 £000
Interest payable on bank loans, overdrafts and similar	827	414
Interest charge on defined benefit pension scheme	794	533
Interest on lease liabilities	155	187
Foreign exchange arising on funding balances	2	-
	1,778	1,134

11. Taxation

	2023 £000	2022 £000
Corporation tax		
Adjustments in respect of previous periods	11	(23)
Total current tax	11	(23)
Deferred tax		
Origination and reversal of timing differences	64	85
Effects of changes to tax rates	(86)	23
Adjustments in respect of previous periods	25	-
Total deferred tax	3	108
Taxation on loss on ordinary activities	14	85

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2022 - higher than) the standard rate of corporation tax in the UK of 19% (2022 - 19%). The differences are explained below:

	2023 £000	2022 £000
Loss on ordinary activities before tax	(1,374)	(1,405)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2022 - 19%)	(261)	(267)
Effects of:		
Expenses not deductible for tax purposes	3	2
Adjustments to tax charge in respect of prior periods	36	(23)
Remeasurement of deferred tax for changes in tax rates	(78)	23
Transfer pricing adjustments	85	87
Group relief	59	-
Deferred tax not recognised	170	263
Total tax charge for the year	14	85

11. Taxation (continued)

Factors that may affect future tax charges

The UK Government announced in the 2021 budget that from 1 April 2023, the rate of corporation tax in the United Kingdom would increase from 19% to 25%. Companies with profits of £50,000 or less would continue to be taxed at 19%, which was a new small profits rate. Where taxable profits were between £50,000 and £250,000, the higher 25% rate would apply but with a marginal relief applying as profits increased. Deferred tax is provided for at 25% as that was the substantively enacted rate at the reporting date.

12. Exceptional items

	2023 £000	2022 £000
Redundancy costs	135	4

13. Tangible fixed assets

	Land and buildings Right of use £000	Leasehold improve-ments £000	Plant and machinery £000	Plant and machinery Right of use £000	Fixtures, fittings and office equipment £000	Motor vehicles Right of use £000	Total £000
Cost							
At 1 June 2022	3,897	904	7,833	252	775	123	13,784
Additions	-	-	226	-	22	85	333
Disposals	-	-	(2,092)	(2)	(208)	(15)	(2,317)
Transfers between classes	-	-	(3)	-	3	-	-
At 31 May 2023	3,897	904	5,964	250	592	193	11,800
Depreciation							
At 1 June 2022	3,111	904	7,077	123	650	73	11,938
Charge for the year on owned assets	-	-	302	-	62	54	418
Charge for the year on right-of-use assets	200	-	-	49	-	-	249
Disposals	-	-	(2,089)	-	(208)	(13)	(2,310)
At 31 May 2023	3,311	904	5,290	172	504	114	10,295
Net book value							
At 31 May 2023	586	-	674	78	88	79	1,505
At 31 May 2022	786	-	756	129	125	50	1,846

14. Inventories

	2023 £000	2022 £000
Raw materials and consumables	1,283	2,053
Work in progress	1,859	1,839
Finished goods and goods for resale	106	130
	3,248	4,022

There is no material difference between the Balance Sheet value of inventory and their replacement cost. The above inventories include a provision of £44k (2022 - £46k).

15. Debtors

	2023 £000	2022 £000
Due after more than one year		
Deferred tax asset (note 21)	1,018	1,288
	1,018	1,288
Due within one year		
Trade debtors	6,669	5,348
Amounts owed by group undertakings (note 29)	12,174	12,558
Other debtors	362	154
Tax recoverable	14	48
Prepayments and accrued income	402	212
	20,639	19,608

Amounts owed by group undertakings are unsecured and interest free and are to be repayable on demand with the exception of trading balances which are subject to trading terms of 30 days.

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. Included in the above trade receivables balance is a provision of £702k (2022 - £740k).

The creation and release of a provision for impaired receivables have been included within administrative expenses within the Statement of Comprehensive Income. 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.

16. Cash and cash equivalents

	2023 £000	2022 £000
Cash at bank and in hand	-	52
Less: bank overdrafts	(4)	-
	(4)	52

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

17. Creditors: Amounts falling due within one year

	2023 £000	2022 £000
Bank overdrafts	4	-
Bank loans (note 19)	108	106
Other loans (note 19)	13,671	13,280
Trade creditors	2,525	1,779
Amounts owed to group undertakings (note 29)	1,771	1,625
Other taxation and social security	1,231	800
Lease liabilities (note 20)	421	381
Other creditors	81	145
Accruals and deferred income	923	174
	20,735	18,290

Amounts owed to group undertakings are unsecured, interest free and subject to trading terms of 30 days.

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

The contractual agreement is such that deferred income will be received in equal annual payments over the course of 4 years but can be paid earlier.

18. Creditors: Amounts falling due after more than one year

	2023 £000	2022 £000
Bank loans (note 19)	212	265
Lease liabilities (note 20)	919	1,281
	1,131	1,546

19. Loans

Analysis of the maturity of loans is given below:

	2023 £000	2022 £000
Amounts falling due within one year		
Bank loans	108	106
Other loans	13,671	13,280
	13,779	13,386
Amounts falling due 1-2 years		
Bank loans	108	-
	108	-
Amounts falling due 2-5 years		
Bank loans	104	265
	13,991	13,651

The bank loans and other loans (revolver loans) are secured by a fixed and floating charge over the unencumbered plant and equipment, inventories and receivables of the Company. Interest was charged at a margin of 2.283% over SONIA dependent on the jurisdiction.

20. Leases

Company as a lessee

Lease liabilities are due as follows:

	2023 £000	2022 £000
Not later than one year	421	381
Between one year and two years	413	396
Between two and five years	506	885
	1,340	1,662

20. Leases (continued)

Additions to the right-of-use assets during the 2023 financial year were £85k (2022 - £121k).

At 31 May 2023 the Company had not committed to any leases which had not yet commenced at the date of the Balance Sheet.

The following amounts in respect of leases, where the Company is a lessee, have been recognised in the Statement of Comprehensive Income:

	2023 £000	2022 £000
Interest expense on lease liabilities	951	187
Depreciation charge on ROU assets - land & buildings	200	200
Depreciation charge on ROU assets - motor vehicles	54	59
Depreciation charge on ROU assets - plant and machinery	49	50

The total cash outflow for leases in 2023 was £544k (2022 - £555k), split as follows;

- cash payments £389k (2022 - £368k) for the principal portion of the lease liabilities
- cash payments £155k (2022 - £187k) for the interest portion of the lease liabilities.

21. Deferred taxation

	2023 £000
At beginning of year	1,288
Credited to the Statement of Comprehensive Income	(3)
Charged to Other Comprehensive Income	(267)
At end of year	1,018

The deferred tax asset is made up as follows:

	2023 £000	2022 £000
Short term timing differences	1,817	1,689
Retirement benefit obligations	(799)	(401)
	1,018	1,288

22. Provisions

	Dilapidations £000
At 1 June 2022	208
Charged to Statement of Comprehensive Income	16
At 31 May 2023	224

Dilapidation provisions will be used when the lease of the properties ends.

23. Share capital

	2023 £000	2022 £000
Authorised, allotted, called up and fully paid		
8,000,000 (2022 - 8,000,000) Ordinary shares of £1.00 each	8,000	8,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

24. Reserves

Profit and loss account

This reserve represents cumulative profits and losses of the Company less dividends paid.

25. Capital commitments

At the end of the financial year, the Company had capital commitments contracted for but not provided for of £Nil (2022 - £Nil).

26. Pension commitments

Defined contribution pension scheme

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £178k (2022 - £166k). Contributions totalling £Nil (2022 - £Nil) were payable to the fund at the reporting date and are included in creditors.

Defined benefit pension scheme

The Company operates a Defined Benefit Pension Scheme.

The most recent actuarial valuation was carried out as at 5 April 2019, the results of which are showing a deficit of £5,820k. The valuation used for the financial statements is this current valuation, which has then been updated on an approximate basis to 31 May 2023 by an independent qualified actuary. The scheme is closed to new members and future accrual.

The present value of plan liabilities is measured by discounting the best estimate of future cash flows to be paid out by the plan using the projected unit credit method. The value calculated in this way is reflected in the net liability in the balance sheet as shown above.

All actuarial gains and losses will be recognised in the year in which they occur in Other Comprehensive Income (OCI).

The Company has reviewed implications of the guidance provided by IFRIC14 and have concluded that is is not necessary to make any adjustments to the IAS figures in respect of an asset ceiling or Minimum Funding Requirement as at 31 May 2023.

Reconciliation of present value of plan liabilities:

	2023 £000	2022 £000
Reconciliation of present value of plan liabilities		
At the beginning of the year	23,123	27,778
Interest cost	794	533
Actuarial gains due to scheme experience	477	1,189
Actuarial (losses)/gains due to changes in demographic assumptions	(338)	(28)
Actuarial gains/(losses) due to changes in financial assumptions	(5,360)	(5,423)
Benefits paid	(881)	(926)
At the end of the year	17,815	23,123

26. Pension commitments (continued)

Reconciliation of present value of plan assets:

	2023 £000	2022 £000
At the beginning of the year	24,726	26,522
Interest income	858	516
Return on plan assets (excluding amounts included in interest income)	(4,154)	(2,185)
Employer contributions	463	799
Benefits paid	(881)	(926)
At the end of the year	21,012	24,726

The actual return on the plan assets over the year ended 31 May 2023 was £3,296k (2022 - £1,669k).

	2023 £000	2022 £000
Fair value of plan assets	21,012	24,726
Present value of plan liabilities	(17,815)	(23,123)
Net pension scheme asset/(liability)	3,197	1,603

The amounts recognised in the Statement of Comprehensive Income are as follows:

	2023 £000	2022 £000
Amounts recognised in profit or loss:		
Net interest cost	64	(17)
Defined benefit costs recognised in profit or loss	64	(17)
Amounts recognised in Other Comprehensive Income:		
Actual less expected return on plan assets (excluding amounts included in net interest cost) - loss	(4,154)	(2,185)
Net experience losses arising on the defined benefit obligation – loss	(477)	(1,189)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain	338	28
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain	5,360	5,423
Total amount recognised in other comprehensive income – gain	1,067	2,077

26. Pension commitments (continued)

Reconciliation of plan assets were as follows:

	2023 £000	2022 £000
UK equities	-	7,156
Overseas equities	-	7,052
Bonds	9,467	5,684
Other (unquoted)	11,545	4,834
	21,012	24,726

The cumulative amount of actuarial gains and losses recognised in the Statement of Comprehensive Income was £1,131k (2022 - -£2,060k).

The Company expects to contribute £100k to its Defined Benefit Pension Scheme in 2023.

None of the fair values of the assets shown above include any direct investments in the Company's own financial instruments or any property occupied by, or other assets used by, the Company. All of the scheme assets have a quoted market price in an active market with the exception of the Trustee's bank account balance.

It is the policy of the trustees and the Company to review the investment strategy at the time of each funding valuation. The trustees' investment objectives and the processes undertaken to measure and manage the risks inherent in the plan investment strategy are documented in the plan's Statement of Investment Principles.

There are no asset-liability matching strategies currently being used by the plan.

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

	2023 %	2022 %
Discount rate	5.45	3.50
Inflation (RPI)	3.10	3.30
Inflation (CPI)	2.70	2.90
Mortality rates		
- for a male aged 65 now	20.9	21.1
- at 65 for a male aged 45 now	22.2	22.4
- for a female aged 65 now	23.3	22.9
- at 65 for a female member aged 45 now	24.8	24.4

26. Pension commitments (continued)

Analysis of the sensitivity to the principal assumptions of the present value of the defined benefit obligation:

	Change in assumption	**Change in liabilities**
Discount rate	Increase of 0.1% pa	Increase by 1.1%
Rate of inflation	Increase of 0.1% pa	Increase by 1.8%
Rate of mortality	Increase in life expectancy of 1 year	Increase by 2.8%
Commutation	Members commute an extra 10% of Post A Day pension on retirement	Increase by 0.2%

The mortality assumptions adopted at 31 May 2023 are 108% of the standard tables S3PMA/S3PFA_M, Year of Birth, no age rating for males and females, projected using CMI-2020 converging to 1.25% pa. These imply the above life expectancies.

The sensitivities shown are approximate. Each sensitivity considers one change in isolation. The inflation sensitivity includes the impact of changes to the assumptions for revaluation and pension increases. The average duration of the defined benefit obligation at the year ended 31 May 2023 is 16 years (2022 - 16)

The plan typically exposes the Company to actuarial risks such as investment risk, interest rate risk, mortality risk and longevity risk. A decrease in corporate bond yields, a rise in inflation or an increase in life expectancy would result in an increase to plan liabilities. This would detrimentally impact on the Balance Sheet position and may give rise to increased charges in future P&L accounts. This effect would be partially offset by an increase in the value of the plan's bond holdings. Additionally, caps on inflationary increases are in place to protect the plan against extreme inflation.

The best estimate of contributions to be paid by the Company to the scheme for the year commencing 1 June 2023 is £100k (2022 - £464k).

The Company have reviewed implications of the guidance provided by IFRIC14 and have concluded that is not necessary to make any adjustments to the IAS19 figures in respect of an asset ceiling of Minimum Funding Requirement as at 31 May 2023.

27. Commitments under operating leases

At 31 May 2023 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2023 £000	2022 £000
Other assets		
Not later than 1 year	5	11
Later than 1 year and not later than 5 years	5	3
	10	14

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.

28. Guarantrees and other financial commitments

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 2023 the total amount for asset-based lending facilities guaranteed was €17,802k (2022 - €19,534k). The equivalent in GBP for UK companies is £15,378k (2022 - £16,637k).

29. Related party transactions

As a wholly owned subsidiary of Calder Group Holdings Limited, the Company is exempt from the requirements of IAS 24 Related Party Disclosures to disclose transactions with other wholly owned members of the Group.

30. Post balance sheet events

On 9 October 2023 the Group concluded a renewal of their revolving asset backed facility with Wells Fargo. Terms have improved compared to the current facility and supports the Group's growth plans. The facility expires at the end of September 2026.

31. Controlling party

The Directors regard Calder Holdings Limited as the immediate parent company.

The ultimate UK parent company for the purposes of consolidation for the year ended 31 May 2023 is Calder Group Holdings Limited. The Calder Group Holdings Limited financial statements are publicly available from its registered office c/o Calder Industrial Materials Limited, Jupiter Drive, Chester West Employment Park, Chester, CH1 4EX.