SAMUEL HEATH & SONS
PUBLIC LIMITED COMPANY (0031942)
Report and Accounts

for the year ended 31st March 2015

SAMUEL HEATH

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DIRECTORS AND OFFICERS

Directors:	Samuel B. Heath* *(Chairman)* David J. Pick *(Managing Director)* Martin J. Legge *+ *(Senior Non-executive)* Neil Bosworth *(Manufacturing Director)* Anthony R. Buttanshaw *+ *(Non-executive)* Martyn P. Whieldon *(Sales Director)* Paul B.Turner, ACMA *(Financial Director)* Martin P. Green *+ *(Non-executive)* *Member of remuneration committee +Member of audit committee
Secretary:	John Park
Group Management Board:	Alan Cogzell
Registered Office:	Cobden Works Leopold Street Birmingham B12 OUJ Registered No. 00031942
Registrar:	Capita Registrars Northern House Woodsome Park Fenay Bridge Huddersfield HD8 OLA
Auditors:	Baker Tilly UK Audit LLP St Philips Point Temple Row Birmingham B2 5AF
Nominated Advisor and Nominated Broker:	Zeus Capital Limited 82 King Street Manchester M2 4WQ

CHAIRMAN'S STATEMENT

After the disappointing first half of the year, it is pleasing to report that, as a result of a very much better second half, profit before taxation for the year was £443,000 (2014: £610,000) on sales of £11,198,000 (2014: £10,979,000).

It is very difficult for us to explain the differences in our market places in the two halves, which caused the increase in sales. It is not difficult to explain the increased profitability, which was to a large extent a result of the drop in the value of the Pound against the Dollar. We had also bought forward Euros to protect our position in those markets, where of course the Pound moved the other way.

These profits would have been considerably larger if we had not decided to write off the Research and Development costs of £135,000 for a further new door closer. In this field we are always in areas of new technology, without any guarantee of a successful outcome, and in these circumstances it is unlikely that we will decide to capitalise any further R&D in this type of area. As well as R&D, we invested £82,000 to improve our IT systems. We also made the decision to further increase our levels of inventory for some component parts. Although this clearly has some effect on cash flow, it is necessary to retain the speed of delivery our customers demand in the modern age.

At the end of the last financial trading period we finally lost one of our larger British retail High Street outlets' business. This had been diminishing for some years and we had been planning for this outcome for some time as well. I believe that I am correct in saying that in the department we supplied, they do not now stock any item made in England. The vast majority of their products come from China and Taiwan. We are hoping to replace half of this turnover, which was generated on the internet, with other more profitable business from existing customers.

What then for the future? The year has started off reasonably well as far as orders are concerned, but with nothing spectacularly above our budget. Our new products, particularly in the tap field, are proving to be the drivers of our advance, but it has to be said that some of our older product ranges in other areas are finding it difficult to make progress. The Board has recently sanctioned the purchase of new plant to facilitate the increase in our hardware offer. In September we are launching another completely new range of taps and bathroom accessories working with another very old company founded in 1750, Royal Crown Derby. The range is in fact to be called the Royal Crown Derby Collection.

Because so many of our traditional markets are finding life very difficult, we are working increasingly hard in the new emerging markets. Unfortunately even in those, as is widely publicised, not everything is easy. The UK is still of course the most important area for us. We sell to the wealthier part of the population and it is important that they feel confident to spend money. The election result would appear to have only helped this position.

Along with just about everyone else, our pension fund valuation continues to worsen. Although the scheme's assets performed better than expected, this was more than offset by falls in bond yields over the year. We are continuing to pay considerable money (this year £400,000) into it.

Despite this our balance sheet remains relatively strong and remains debt free, we therefore propose to pay a same again dividend of 6.25p (2014: 6.25p), making a total of 11.75p for the year (2014: 11.75p).

Sam Heath
Chairman

15th July 2015

STRATEGIC REPORT

The directors present their annual strategic report for the year ended 31st March 2015.

Business review and key performance indicators

A review of the business of the Group and future developments is set out in the Chairman's Statement on page 3.

The Board consider that the key financial performance indicators are those that communicate the financial performance and strength of the Company and are highlighted in the Chairman's Statement.

Employees

Full and fair consideration is given to applications for employment from disabled persons and to continuing the employment of those who become disabled while employed. The policy is to give equal opportunity for training, career development and promotion.

The awareness and involvement of employees in the Group's performance is achieved by consultation and negotiation in meetings involving employees at all levels. An active Works Committee has been in operation for many years.

Risk

The risks to the Company's future are the usual ones for an exporting manufacturing organisation – commodity prices, variation in currencies, which affect both our return and the price of our purchases, and the general state of trade, throughout the world.

Environment

The Company takes its environmental obligations very seriously. Our packaging is made from re-cycled materials wherever possible and any waste packaging is re-cycled locally. The Company strives to improve energy efficiencies wherever possible. Solvent usage has also reduced, with any solvents that are used being in fully enclosed systems to reduce any release into the environment, any such solvent are totally re-cycled. We continually monitor our Carbon Footprint, with the aim of continual improvement.

S.B. Heath
Chairman

15th July 2015

DIRECTORS' REPORT

The directors present their annual report on the affairs of the Group, together with the financial statements and auditors' report, for the year ended 31st March 2015.

Principal activities

The Group engages in the manufacture and marketing of a wide range of products in the builders' hardware and bathroom field.

Financial risk management

The Group's financial risk management policies are disclosed in Note 25.

Dividends

The directors recommend a final dividend of 6.25 pence per share which will be proposed as a resolution at the forthcoming Annual General Meeting.

Directors

The directors who were in office at the end of the financial year and their interests, were as follows:

Beneficial interests:		**31st March 2015**	31st March 2014
S. B. Heath	Chairman	**491,581**	491,581
M. J. Legge	Senior Non-Executive	**30,000**	30,000
D. J. Pick	Managing Director	**5,500**	5,500
N. Bosworth	Manufacturing Director	**1,000**	1,000
A. R. Buttanshaw	Non-Executive	**1,000**	1,000
P. B. Turner	Financial Director	**1,000**	1,000
M. P. Whieldon	Sales Director	**1,000**	1,000
M. P. Green	Non-Executive	**1,000**	1,000

Directors' remuneration is disclosed in note 23.

The directors retiring by rotation are Mr S.B. Heath, Mr D.J. Pick and Mr N. Bosworth who, being eligible, offer themselves for re-election. Resolutions will be proposed that they be re-elected.

Non-executives

Mr M. J. Legge has held a number of directorships in both public and private companies during his working life. He is the Senior Independent Director.

Mr A. R. Buttanshaw is a qualified accountant and has held a number of directorships in both public and private companies during his working life.

Mr M.P. Green is a lawyer, specialising in tax, wills, trust advice and estate and inheritance tax planning. He holds a number of directorships/partnerships in private limited companies.

None of the directors have a material interest in any contract of significance with the Company.

DIRECTORS' REPORT
(continued)

Other major shareholdings

On 1st July 2015, the company had been notified, in accordance with chapter 5 of Disclosures and Transparency Rules, in addition to the directors, of the following voting rights as a shareholder of the company:

	Percentage of voting rights and issued share capital	Number of shares
C.A.Heath	14.9	378,710
G. S. Heath	14.9	378,710
S. A. Perkins (née Heath)	10.8	272,810
Solid Brass AB	12.2	309,500
Ferlim Nominees Ltd – Pooled Account	5.2	131,000

Information to shareholders

The Company has its own website (www.samuel-heath.com) for the purposes of improving information flow to shareholders as well as potential investors.

Corporate governance

The Directors support high standards of corporate governance. The Board manages the affairs of the Company with regards to the Corporate Governance guidance issued by the Quoted Company Alliance.

Derivatives and other financial instruments

International Financial Reporting Standards (IFRS) require us to explain the role that derivatives and other financial instruments play in the Group's activities.

The Group is financed by operational cash flow and any surplus cash is placed short term on the money market.

Some trading takes place in foreign currencies but exposure at any one time is at a level for the Board to consider the currency risk acceptable. In addition, the Group will enter into foreign currency exchange contracts to mitigate potential exposure as the Board deem appropriate.

Supplier payment policy

The policy for payment of suppliers is to make payment in accordance with the agreed terms and conditions of trade.

At 31st March 2015 the creditor days compared to the value of supplier invoices received in the year was 29 days.

Future developments

In accordance with section 411C(11) of the Companies Act 2006, information regarding the future developments of the business have been set out within the Chairman's Statement.

Research and development

The group undertakes research and development, using existing staff. In the opinion of the directors, continuity of investment in this area is essential for the maintenance of the Group's market position and for future growth.

DIRECTORS' REPORT
(continued)

Disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' Report each confirm the following:

- so far as he is aware, there is no relevant audit information of which the Company's auditors are aware, and
- he 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.

Auditors

Baker Tilly UK Audit LLP has expressed its willingness to continue in office as auditor and a resolution is to be proposed that Baker Tilly UK Audit LLP be reappointed as auditor at the forthcoming Annual General Meeting.

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 group and company financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted for use in the European Union 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 Group and of the Company and of the profit or loss of the Group 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 they have been prepared in accordance with IFRSs adopted by the EU;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

On behalf of the Board

S.B. Heath
Chairman

15th July 2015

INDEPENDENT AUDITOR'S REPORT

To the members of Samuel Heath & Sons PLC

We have audited the group and parent company financial statements ("the financial statements") on pages 10 to 33. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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.

Respective responsibilities of directors and auditor

As more fully explained 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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at http://www.frc.org.uk/auditscopeukprivate

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent's affairs as at 31 March 2015 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

INDEPENDENT AUDITOR'S REPORT
(continued)

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Cefray.

CHARLES FRAY (Senior Statutory Auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
St Philips Point
Temple Row
Birmingham
B2 5AF

15th July 2015

CONSOLIDATED INCOME STATEMENT
for the year ended 31st March 2015

	Note	2015 £000	2014 £000
Continuing operations			
Revenue	5	**11,198**	10,979
Cost of sales		**(5,873)**	(5,647)
Gross profit		**5,325**	5,332
Distribution costs		**(3,006)**	(2,958)
Administrative expenses		**(1,721)**	(1,676)
Operating profit	6	**598**	698
Gain on sale of financial assets		**-**	58
Finance income	8	**430**	433
Finance costs	9	**(585)**	(579)
Profit before taxation		**443**	610
Taxation	10	**(49)**	(167)
Profit for the year		**394**	443
Basic and diluted earnings per ordinary share	12	**15.5p**	17.5p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31st March 2015

	Note	2015 £000	2014 £000
Profit for the year		**394**	443
Items that will be reclassified to profit or loss:			
Loss on available for sale financial assets	16	**-**	(115)
Cash flow hedges		**58**	1
		58	(114)
Items that will not be reclassified to profit or loss:			
Actuarial (loss)/gain on defined benefit pension scheme	24	**(2,888)**	294
Deferred taxation on actuarial loss/(gain)	19	**578**	(187)
		(2,310)	107
Total comprehensive (loss)/income for the year		**(1,858)**	436

As permitted by section 408 of the Companies Act 2006 the Income Statement of the Parent Company is not presented as part of these financial statements. The Parent Company's profit before tax for the year is £443,000 (2014: £610,000).

SAMUEL HEATH
(Company Registration Number: 00031942)

STATEMENTS OF FINANCIAL POSITION

31st March 2015

		Group		Company	
		2015	2014	**2015**	2014
	Note	**£000**	£000	**£000**	£000
Non-current assets					
Intangible assets	13	**184**	326	**184**	326
Property, plant and equipment	14	**1,475**	1,668	**1,475**	1,668
Investments	15	**-**	-	**399**	399
Deferred tax asset	19	**1,313**	774	**1,313**	774
		2,972	2,768	**3,371**	3,167
Current assets					
Inventories	17	**3,157**	2,899	**3,157**	2,899
Trade and other receivables	18	**2,085**	1,819	**2,085**	1,819
Derivative financial instruments	21	**56**	-	**56**	-
Cash and cash equivalents		**1,648**	2,026	**1,648**	2,026
		6,946	6,744	**6,946**	6,744
Total assets		**9,918**	9,512	**10,317**	9,911
Current liabilities					
Trade and other payables	20	**(1,126)**	(1,164)	**(1,126)**	(1,164)
Amounts owed to group undertakings		**-**	-	**(1,052)**	(1,052)
Derivative financial instruments		**-**	(2)	**-**	(2)
Current tax payable		**(72)**	(116)	**(72)**	(116)
		(1,198)	(1,282)	**(2,250)**	(2,334)
Non-current liabilities					
Retirement benefit scheme	24	**(6,568)**	(3,870)	**(6,568)**	(3,870)
Deferred tax liability	19	**(58)**	(110)	**(58)**	(110)
		(6,626)	(3,980)	**(6,626)**	(3,980)
Total liabilities		**(7,824)**	(5,262)	**(8,876)**	(6,314)
Net assets		**2,094**	4,250	**1,441**	3,597
Equity					
Called up share capital	22	**254**	254	**254**	254
Capital redemption reserve		**109**	109	**109**	109
Retained earnings		**1,731**	3,887	**1,078**	3,234
Equity shareholders' funds		**2,094**	4,250	**1,441**	3,597

The financial statements on pages 10 to 33 were approved by the Board on 15th July 2015 and signed on its behalf by:

S.B. Heath
Chairman

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31st March 2015

	Share capital £000	Capital redemption reserve £000	Retained earnings £000	Total equity £000
Balance at 31st March 2013	**254**	**109**	**3,749**	**4,112**
Equity dividends paid	-	-	(298)	(298)
Profit for the year	-	-	443	443
Other comprehensive loss for the year	-	-	(7)	(7)
Total comprehensive income for the year	-	-	436	436
Balance at 31st March 2014	**254**	**109**	**3,887**	**4,250**
Equity dividends paid	-	-	(298)	(298)
Profit for the year	-	-	394	394
Other comprehensive loss for the year	-	-	(2,252)	(2,252)
Total comprehensive loss for the year	-	-	(1,858)	(1,858)
Balance at 31st March 2015	**254**	**109**	**1,731**	**2,094**

STATEMENT OF CHANGES IN EQUITY (PARENT COMPANY)

for the year ended 31st March 2015

	Share capital £000	Capital redemption reserve £000	Retained earnings £000	Total equity £000
Balance at 31st March 2013	**254**	**109**	**3,096**	**3,459**
Equity dividends paid	-	-	(298)	(298)
Profit for the year	-	-	443	443
Other comprehensive loss for the year	-	-	(7)	(7)
Total comprehensive income for the year	-	-	436	436
Balance at 31st March 2014	**254**	**109**	**3,234**	**3,597**
Equity dividends paid	-	-	(298)	(298)
Profit for the year	-	-	394	394
Other comprehensive loss for the year	-	-	(2,252)	(2,252)
Total comprehensive loss for the year	-	-	(1,858)	(1,858)
Balance at 31st March 2015	**254**	**109**	**1,078**	**1,441**

The following narrative relates to both the "Consolidated Statement of Changes in Equity" and the "Statement of Changes in Equity (Parent Company)":

- The share capital is the issued and fully paid ordinary shares in issue at 10 pence per share (Note 22).
- The capital redemption reserve relates to premium on acquisition of our own shares.
- Retained earnings consist of the accumulated profits and losses arising from the Consolidated Statement of Comprehensive Income.

CONSOLIDATED STATEMENT OF CASHFLOWS
for the year ended 31st March 2015

Group and Parent Company

	2015 £000	2014 £000
Cash flow from operating activities		
Profit for the year before tax	**443**	610
Adjustments for:		
Depreciation	**357**	375
Amortisation	**61**	50
Impairment of intangible asset	**135**	-
Profit on disposal of property, plant and equipment	**(8)**	(13)
Profit on disposal of available for sale financial assets	**-**	(58)
Finance income	**(11)**	(37)
Finance costs	**-**	1
Decrease in post-employment benefit obligations	**(190)**	(126)
Operating cash flow before movements in working capital	**787**	802
Changes in working capital:		
Increase in inventories	**(258)**	(168)
(Increase)/decrease in trade and other receivables	**(266)**	75
(Decrease)/increase in trade and other payables	**(39)**	214
Cash generated from operations	**224**	923
Taxation paid	**(106)**	(15)
Net cash from operating activities	**118**	908
Cash flows from investing activities		
Payments to acquire property, plant and equipment	**(225)**	(221)
Proceeds from the sale of property, plant and equipment	**70**	29
Payments to acquire intangible assets	**(54)**	(6)
Payments to acquire available for sale financial assets	**-**	(57)
Proceeds from the sale of available for sale financial assets	**-**	1,400
Finance income	**11**	53
	(198)	1,198
Cash flows from financing activities		
Interest paid	**-**	(1)
Dividends paid	**(298)**	(298)
	(298)	(299)
Net (decrease)/increase in cash and cash equivalents	**(378)**	1,807
Cash and cash equivalents at beginning of period	**2,026**	219
Cash and cash equivalents at end of period	**1,648**	2,026

NOTES FORMING PART OF THE ACCOUNTS

1. General information

Samuel Heath & Sons PLC is a company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is Cobden Works, Leopold Street, Birmingham, B12 0UJ. The nature of the Group's operations and its principal activities during the period were the manufacture of a wide range of products in the builders' hardware and bathroom field. These Financial Statements are presented in Pounds Sterling because that is the currency of the primary economic environment in which the Group operates.

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2. Adoption of new and revised standards

The Group has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for accounting periods beginning on 1st April 2014. The adoption of the following IFRSs has not impacted upon the financial statements:

IAS 32 – Financial Instruments – Presentation – Amendment
IAS 36 – Impairment of Assets - Amendment

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

IAS 19 – Employee Benefits – Amendment – effective 2016
IFRS 2 – Share Based Payments – effective 2016
IFRS 8 – Operating Segments – effective 2016
IFRS 9 – Financial Instruments – effective 2019
IFRS 15 – Revenue from Contracts with Customers – effective 2018
IAS 1 – Disclosure Initiative – effective 2017
IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation – effective 2017
IAS 27 – Equity Method in Separate Financial Statements – effective 2017
IFRS 7 – Financial Instruments: Disclosure – effective 2017
IAS 34 – Interim Financial Reporting – effective 2017

These Standards and Interpretations are not expected to have a significant impact on the Group's financial statements.

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3. Accounting policies

Basis of accounting

The financial statements, upon which this financial information is based, have been prepared using accounting policies consistent with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretation Committee (IFRIC) Interpretation as adopted by the European Union and the requirements of the Companies Act applicable to companies reporting under IFRS.

The financial statements, upon which this financial information is based, have been prepared under the historical cost basis, except for the valuation of Available For Sale assets which have been revalued to market value. The principal accounting policies adopted are set out below.

Going concern

The Directors consider that the Group has adequate resources for the foreseeable future and, therefore, continue to adopt the going concern basis in preparing the financial statements.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31st March each year. Control is achieved where the Company has the power to govern the financial and operating policies so as to obtain benefits from its activities.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

3. Accounting policies (continued)

Revenue recognition

Revenue is recognised when the significant risks and rewards of ownership of the goods have been transferred, and revenues and the associated costs can be measured reliably and future economic benefits are probable. Revenue is measured at the fair value received or receivable for the goods provided in the normal course of business, net of VAT, discounts and rebates. Revenue is recognised when goods are despatched.

Operating profit

Operating profit represents earnings from the company's core business operations, and does not include profit earned from investments and the effects of interest and taxes.

Foreign currency

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each year end, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing on that date. Any differences arising are written off to the income statement. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profits for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the year end date.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each year end date and reduced to the extent that is no longer probable that sufficient taxable profits will be available to allow all, or part, of the asset to be recovered.

Deferred tax is provided in full for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Retirement benefit costs
Defined benefit scheme

Actuarial gains and losses arise on both defined benefit liabilities and scheme assets due to changes in assumptions compared with the start of the year and actual experience being different from those assumptions. These are recognised in full in the group statement of comprehensive income in the year in which they arise. Operating and financing costs of the scheme are recognised in the Income Statement in the period in which they arise. Changes in the scheme assets and scheme liabilities are reported in the Income Statement or the Statement of Comprehensive Income depending on the nature of the change.

NOTES FORMING PART OF THE ACCOUNTS
(continued)

3. Accounting policies (continued)

Defined contribution scheme

The costs of the defined contribution scheme are charged in the income statement as they fall due. Both employee and employer contributions are held in trust funds separately from the Group's finances.

Intangible assets

Research and development costs represent typical internally generated assets of relevance for the Group. Costs incurred in relation to individual projects are capitalised only when the future economic benefit of the project is probable and it is the intention of management to complete the intangible asset and use it or sell it.

Research costs are expensed as incurred.

For intangible assets with finite useful lives, amortisation (which is included with cost of sales) is calculated so as to write off the cost of an asset, less its estimated residual value, over its useful economic life when the asset is available for use, as follows:

Development costs	20% per annum on cost

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged (and is included within cost of sales, distribution costs or administration expenses as appropriate), except on freehold land, so as to write off the cost or valuation of assets over their estimated useful lives using the straight-line method, on the following bases:

Freehold buildings	2%-10% per annum on cost
Plant and machinery	10% per annum on cost
Vehicles	25% per annum on cost
Computer equipment	25% per annum on cost

The residual values and expected useful economic lives are re-assessed on an annual basis and no significant adjustments have been made during the current period.

Impairment of property, plant and equipment and intangible assets

At each reporting date, the Company reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. This is recognised in the cost of sales.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated at actual price paid. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Financial instruments

Financial assets and financial liabilities are recognised on the Group's statement of financial position at market value when the Group becomes a party to the contractual provisions of the instrument.

3. Accounting policies (continued)

Trade and other receivables

Trade and other receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Financial liability and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual agreements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recognised at the amount of proceeds received net of costs directly attributable to the transaction. To the extent that those proceeds exceed the par value of the shares issued they are credited to a share premium account.

Trade and other payables

Trade and other payables are not interest-bearing and are stated at their nominal value.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments with a maturity of 90 days or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the year end date, and are discounted to present value where the effect is material.

Hedging

The normal course of the Group's business exposes it to currency exchange rate fluctuations. In order to hedge this risk the Group enters into foreign exchange contracts as deemed appropriate. This type of arrangement under IAS39 is classified as a "Cash Flow Hedge". The proportion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity, and the ineffective portion of the gain or loss on the hedging instrument is recognised in the income statement. Upon crystallisation of the underlying transaction the gain or loss previously recognised in equity is recycled to the income statement.

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4. Critical accounting and key sources of estimation

Critical judgments in applying the entity's accounting policies

In the process of applying the entity's accounting policies, which are described above, the directors have made the following judgments that have the most significant effect on the amounts recognised in the financial statements.

Income taxes

The Group is subject to income taxes in the United Kingdom. Judgment 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 audit 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.

The recoverable amounts of the Group's deferred tax assets have been determined based on the Board's estimates of future taxable profits and income and tax rates.

NOTES FORMING PART OF THE ACCOUNTS
(continued)

4. Critical accounting and key sources of estimation (continued)

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the year end date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Valuation of intangible assets

Intangible assets are initially valued at their cost and then evaluated periodically for impairment. For purposes of valuation an intangible asset is considered impaired if its carrying value is less than the expected net cash flow from the asset.

Valuation of inventories

Determining the valuation of inventories requires an estimation of the obsolescence provision required to write down items to their realisable value.

Retirement benefit scheme deficit

The valuation of expected returns on assets and the present value of the liabilities of the scheme are determined by assumptions and estimates made by the directors based on the current information to hand. Therefore amounts are open to fluctuations in the future due to unforeseen changes or additional factors that come to light following the year end. The assumptions and their sensitivity are disclosed in note 24.

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5. Segmental analysis

The primary reporting format is by business segment and the second reporting format is by geographical area.

Primary analysis by business segment

The turnover, profit on ordinary activities and net assets of the Group are attributable to one business segment, the manufacture and marketing of products in the builders' hardware and bathroom field.

Secondary analysis by geographical area

The following table provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods:

Sales revenue by geographical market

	2015	2014
	£000	£000
Overseas	**4,201**	4,246
Home	**6,997**	6,733
	11,198	10,979

NOTES FORMING PART OF THE ACCOUNTS
(continued)

6. Operating profit

Operating profit for the year has been arrived at after charging:

	2015 £000	2014 £000
Depreciation and impairment		
- depreciation of property, plant and equipment	**357**	375
- amortisation of intangible assets	**61**	50
- impairment of intangible assets	**135**	-
Operating lease costs		
- site rental	**45**	45
- other operating leases	**14**	15
Employment costs (including directors remuneration – note 23)	**4,682**	4,532
Materials and other services (including auditors' remuneration)	**5,270**	5,235
Profit on disposal of property, plant and equipment	**(8)**	(13)
Net foreign exchange (gains)/ losses	**(42)**	3
Retirement benefit pension scheme administration costs	**44**	42

7. Auditors' remuneration

	2015 £000	2014 £000
Fees payable:		
Audit services	**22**	21
Assurance services	**1**	2
Tax services	**3**	1
Total fees	**26**	24

8. Finance income

	2015 £000	2014 £000
Available for sale assets	**-**	29
Interest on bank deposits	**11**	8
Expected return on pension scheme assets	**419**	396
	430	433

9. Finance costs

	2015 £000	2014 £000
Interest - Other	**-**	1
Interest on pension scheme liabilities	**585**	578
	585	579

10. Income taxes

	2015 £000	2014 £000
Current taxes	**62**	116
Deferred taxes	**(13)**	51
Total income taxes	**49**	167

Corporation tax is calculated at 20% (2014: 20%) of the estimated assessable profit for the year.

Tax reconciliation

	2015 £000	2014 £000
Profit for the year	**443**	610
Corporation tax charge thereon at 20% (2014: 20%)	**89**	122
Adjusted for the effects of:		
Marginal relief	**1**	9
Prior year adjustments	**(10)**	69
Research and development claim	**(21)**	(1)
Loan relationships	**-**	(15)
Other adjustments	**(10)**	(17)
Total income taxes	**49**	167
Effective tax rate	**11.1%**	27.4%

11. Dividends

	2015 £000	2014 £000
Final dividend for the year ended 31st March 2014 of 6.25 pence per share (2013: 6.25 pence per share)	**158**	158
Interim dividend for the year ended 31st March 2015 of 5.50 pence per share (2014: 5.50 pence per share)	**140**	140
	298	298

In addition to the dividends paid during the year the directors are recommending a final dividend for 2015 of 6.25 pence per share amounting to £158,000. The proposed final dividend is subject to approval at the Annual General Meeting and has not been included as a liability in these accounts.

NOTES FORMING PART OF THE ACCOUNTS
(continued)

12. Earnings per share

The basic and diluted earnings per share are calculated by dividing the relevant profit after taxation of £394,000 (2014:£443,000) by the average number of ordinary shares in issue during the year being 2,534,322 (2014: 2,534,322). The number of shares used in the calculation is the same for both basic and diluted earnings.

13. Intangible assets of the Group and of the Company

	Development costs £000
Cost	
At 31st March 2013	394
Additions	6
At 31st March 2014	400
Additions	54
Disposals	(135)
At 31st March 2015	**319**
Amortisation	
At 31st March 2013	24
Charge for year	50
At 31st March 2014	74
Charge for year	61
Impairment losses recognised in the Income Statement	135
Eliminated on disposal	(135)
At 31st March 2015	**135**
Net book value	
At 31st March 2015	**184**
At 31st March 2014	326

NOTES FORMING PART OF THE ACCOUNTS
(continued)

14. Property, plant and equipment of the Group and of the Company

	Freehold land and buildings £000	Plant and equipment £000	Vehicles £000	Total £000
Cost				
At 31st March 2013	1,542	6,588	408	8,538
Additions	-	111	110	221
Disposals	-	(16)	(108)	(124)
At 31st March 2014	1,542	6,683	410	8,635
Additions	2	99	125	226
Disposals	-	(19)	(166)	(185)
At 31st March 2015	**1,544**	**6,763**	**369**	**8,676**
Depreciation				
At 31st March 2013	723	5,746	231	6,700
Charge for year	32	249	94	375
Disposals	-	(8)	(100)	(108)
At 31st March 2014	755	5,987	225	6,967
Charge for year	30	238	89	357
Disposals	-	(19)	(104)	(123)
At 31st March 2015	**785**	**6,206**	**210**	**7,201**
Net book value				
At 31st March 2015	**759**	**557**	**159**	**1,475**
At 31st March 2014	787	696	185	1,668

The net book value of freehold land and buildings includes £86,000 (2014: £86,000) in respect of land which is not depreciated.

NOTES FORMING PART OF THE ACCOUNTS
(continued)

15. Investments

	2015 Company £000	2014 Company £000
Shares in subsidiaries:		
Cost at 31st March 2015	**852**	852
Amounts written off	**(453)**	(453)
Net book value 31st March 2015	**399**	399

All subsidiary undertakings are incorporated in Great Britain, wholly owned, are dormant and are listed below:

W. Adams & Sons Ltd
D P 1999 Ltd
Samuel Heath & Sons Group Services Ltd
Holt, Siron & Company Ltd
The Mander Frame Company
Oakley Bedsteads Ltd
Perkins & Powell Ltd
R.M. Manufacturing & Engineering Co. Ltd
Regency Bathroom Accessories Ltd
The Walker Fender Co. Ltd

The cumulative amount of goodwill purchased up to 23rd December 1998 and written off against reserves in respect of subsidiaries which remained in the Group at 31st March 2015 was £518,000 (2014: £518,000).

16. Available for sale financial assets

The company does not hold any investments at 31st March 2015. Investments had previously been held, consisting of corporate bonds and equity securities and were used to invest surplus funds.

	2015 Group and Company £000	2014 Group and Company £000
Balance at 31st March 2014	-	1,400
Acquisitions	-	57
Disposals	-	(1,342)
Changes in fair value recognised in equity	-	(115)
	-	-

NOTES FORMING PART OF THE ACCOUNTS
(continued)

17. Inventories

	2015 Group and Company £000	2014 Group and Company £000
Raw materials	**764**	688
Work in progress and intermediate products	**1,338**	1,170
Finished goods	**1,055**	1,041
	3,157	2,899

During the period, the group consumed £5,738,000 (2014: £5,647,000) of inventories and recognised an increase in write-downs of £25,000 (2014: Increase of £24,000).

There are no inventories pledged as security for liabilities.

18. Trade and other receivables

	2015 Group and Company £000	2014 Group and Company £000
Trade receivables	**1,978**	1,718
Allowance for doubtful receivables	**(41)**	(69)
	1,937	1,649
Prepayments and accrued income	**148**	170
	2,085	1,819

There is no material difference between the fair value of receivables and their book value.

Trade receivables are provided for based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience, and knowledge of the solvency of customers. No interest is charged on the receivables.

The Group provides for all trade receivables that are potentially irrecoverable at the reporting date. The Group does not hold any collateral over the balances that are overdue.

Allowance for doubtful receivables	**2015 Group any Company £000**	2014 Group and Company £000
Balance at 31st March 2014	**69**	90
Provision for the year	**(17)**	(17)
Utilised in the year	**(11)**	(4)
Balance at 31st March 2015	**41**	69

The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly the directors believe that there is no further credit provision required in excess of the allowance for doubtful receivables above. An analysis of financial risk is disclosed in note 25.

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

19. Deferred tax

Group and Company	Asset £000	Liability £000
At 31st March 2013 *(calculated at 23%)*	**986**	**84**
Recognised in the Income Statement	(25)	26
Recognised in equity	(187)	-
At 31st March 2014 *(calculated at 20%)*	**774**	**110**
Recognised in the Income Statement	(39)	(52)
Recognised in equity	578	-
At 31st March 2015 *(calculated at 20%)*	**1,313**	**58**

The asset is in respect of the retirement benefit scheme and the liability is in respect of accelerated tax allowances.

The increase in the asset recognised at 31st March 2015 arises from an increase in the Samuel Heath & Sons PLC Combined Pension Scheme deficit.

20. Trade and other payables

	2015 Group and Company £000	2014 Group and Company £000
Trade payables	**659**	669
Accruals and deferred income	**209**	201
Social security and other taxes	**258**	294
	1,126	1,164

The directors consider that the carrying amount of trade payables approximates to their fair value.

21. Derivatives financial instruments and hedge accounting

At 31st March 2015 the Group has in place derivatives held for cash flow hedging purposes only.

Forward currency contracts

Contract	Amount	Reference Currency	Maturity	Fair Value £000
Forward currency contract	240,000	EURO	30 Jun 2015	**24**
Forward currency contract	240,000	EURO	30 Sep 2015	**17**
Forward currency contract	240,000	EURO	31 Dec 2015	**15**
				56

The purpose of these contracts is to mitigate the fluctuations of a proportion of expected sales (forecast) denominated in EURO's. The fair value of forward currency contracts is based on the current value of the difference between the contractual exchange rate and the forward market rate at the balance sheet date.

NOTES FORMING PART OF THE ACCOUNTS
(continued)

22. Share capital

	2015 £000	2014 £000
Authorised:		
5,000,000 Ordinary shares of 10 pence each	**500**	500
Issued and fully paid:		
2,534,322 (2014: 2,534,322) ordinary shares of 10 pence each	**254**	254

23. Particulars of staff

The average number of persons employed by the Company (including directors) during the year is analysed below:

	2015 Number	2014 Number
Production	**89**	87
Distribution	**23**	26
Administration	**18**	19
Total	**130**	132

	2015 £000	2014 £000
The total staff costs were as follows:		
Wages and salaries	**3,980**	3,880
Social security costs	**373**	366
Pension scheme costs	**329**	286
	4,682	4,532

23. Particulars of staff (continued)

Directors' remuneration

The remuneration of directors who served during the year was as follows:

	Salary and fees £000	Pension contributions £000	Bonus £000	Benefits £000	**Total 2015 £000**	Total 2014 £000
Executive Directors						
N. Bosworth	120	26	15	2	**163**	160
S.B. Heath	77	-	-	3	**80**	94
D.J. Pick	163	37	20	13	**233**	228
P.B.Turner	83	17	-	8	**108**	97
M.P. Whieldon	99	20	15	11	**145**	133
Non-Executive Directors						
A.R. Buttanshaw	9	-	-	-	**9**	9
M.P. Green	9	-	-	-	**9**	9
M.J. Legge	9	-	-	-	**9**	9
	569	100	50	37	**756**	739
Employer's NI					**77**	76
					833	815

The following directors are members of the Samuel Heath & Sons PLC final salary pension scheme (Note 24) which was closed to future accrual from 30th April 2005. The accrued annual benefits are:

	Total 2015 £000	Total 2014 £000
N. Bosworth	**38**	37
D.J. Pick	**56**	55
M.P. Whieldon	**7**	7

24. Retirement benefit schemes

The Samuel Heath & Sons PLC Staff Pension and Works Pension Scheme both closed to future accrual from 30th April 2005. These schemes were merged into the Samuel Heath & Sons PLC Combined Scheme (the Combined Scheme) on 31st March 2006.

The most recent valuation of the Combined Scheme was carried out as at 31st March 2013. The liabilities were calculated using the defined accrued benefits method and assumed:

- long-term investment returns of 5.8% pa for the period before a member retires and 3.6% pa for the period after a member has retired.
- long-term future inflation rates of 3.5% pa.
- mortality rates based on the SAPS normal health tables with CMI 2012 year of birth projections and long-term rate of improvement of 1.5% pa.

The 2013 actuarial valuation showed the market value of the Combined Scheme's assets to be £8,808,000 (excluding Additional Voluntary Contributions), compared with the value of the accrued benefits of £13,657,000. There were therefore sufficient assets to cover 64% of the accrued benefits, based on the long-term funding assumptions.

The Company has agreed to fund the deficit of £4,849,000 by making payments to the scheme under the Recovery Plan that has been agreed between the Trustees of the scheme and the Company. The recovery plan allows for a minimum payment each year, with further payment becoming due based on profitability. During the next 12 months payments will be made to the scheme amounting to £311,000.

The assets of these now combined schemes are held separately from those of the Company and invested in Standard Life Global Absolute Return Strategies (GARS) Unit Trusts.

The major assumptions used by the actuary were:	**2015**	2014	2013
	%	%	%
Inflation	**3.20**	3.30	3.30
Rate of increase in pension payment	**3.20**	3.30	3.30
Discount rate	**3.40**	4.50	4.40

The expected return on assets is a weighted average of the assumed long-term returns for the various asset classes. Equity and property returns are developed based on the selection of an appropriate risk premium above the risk free rate which is measured in accordance with the yield on government bonds. The return on the GARS fund is expected to be in line with the return on equities.

Mortality assumptions

The mortality tables were reviewed as part of the actuarial valuation as at 31st March 2013. The current tables reflect expected future improvements in mortality rates. The assumed life expectations on retirement at age 65 are:

	2015	2014	2013
Retiring today:			
Male	**22.8**	22.8	23.2
Female	**25.3**	25.3	26.0
Retiring in 20 years:			
Male	**24.9**	24.9	25.1
Female	**27.6**	27.6	27.9

NOTES FORMING PART OF THE ACCOUNTS
(continued)

24. Retirement benefit schemes (continued)

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Assumption	**Change in assumption**	**Impact on scheme liabilities £000**
Discount rate	Decrease by 0.5%	Increase by 2,190
	Increase by 0.5%	Decrease by 1,880
Rate of inflation	Decrease by 0.5%	Decrease by 1,080
	Increase by 0.5%	Increase by 1,230
Rate of mortality	Decrease by 1 year	Decrease by 690
	Increase by 1 year	Increase by 700

Amounts recognised within finance income/costs are as follows:

	2015 £000	2014 £000
Expected return on pension scheme assets	**(419)**	(396)
Interest on pension scheme liabilities	**585**	578
	166	182

The amount included in the statement of financial position arising from the Group's obligations in respect of its defined benefit scheme is as follows:

	2015 £000	2014 £000	2013 £000	2012 £000	2011 £000
Fair value of scheme assets	**10,305**	9,239	9,059	8,372	8,061
Present value of defined benefit obligations	**(16,873)**	(13,109)	(13,349)	(11,273)	(9,582)
Deficit in scheme	**(6,568)**	(3,870)	(4,290)	(2,901)	(1,521)
Related deferred tax asset	**1,313**	774	986	696	411
Net liability	**(5,255)**	(3,096)	(3,304)	(2,205)	(1,110)

	2015 £000	2014 £000
Deficit at 31st March 2014	**3,870**	4,290
Company contributions	**(400)**	(350)
Administration costs	**44**	42
Net interest expense	**166**	182
Actuarial loss/(gain)	**2,888**	(294)
Deficit at 31st March 2015	**6,568**	3,870

NOTES FORMING PART OF THE ACCOUNTS
(continued)

24. Retirement benefit schemes (continued)

Movements in the present value of defined benefit obligations are as follows:

	2015 £000	2014 £000
As at 31st March 2014	**13,109**	13,349
Interest cost	**585**	578
Benefits paid	**(219)**	(441)
Experience loss on defined benefit obligation	**-**	187
Changes to demographic assumptions	**-**	(247)
Actuarial loss/(gain)	**3,398**	(317)
As at 31st March 2015	**16,873**	13,109

Movements in the fair value of the scheme assets are as follows:

	2015 £000	2014 £000
As at 31st March 2014	**9,239**	9,059
Expected returns on assets	**419**	396
Employer contributions	**400**	350
Benefits paid	**(219)**	(441)
Administration costs	**(44)**	(42)
Return on plan assets	**510**	(83)
As at 31st March 2015	**10,305**	9,239

The analysis of the scheme assets is set out below:

	2015	2014	2013
Standard Life GARS Fund	**97%**	98%	97%
Cash	**3%**	2%	3%

Defined contribution pension scheme

The Company operates a defined contribution 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 in the year ended 31st March 2015 amounted to £329,000 (2014: £286,000).

There is an accrual of £Nil (2014: £40,000) in the Statement of Financial Position representing the difference between the amount charged in the Income Statement and the amount paid to the pension scheme.

25. Financial instruments: information on financial risks

Categories of financial instruments:

	2015 Group and Company £000	2014 Group and Company £000
Financial assets		
Loans and receivables	**1,937**	1,649
Cash and cash equivalents	**1,648**	2,026
	3,585	3,675
Financial liabilities		
Trade and other payables	**1,126**	1,164

Financial risk management policies

The main market risks to which the Group is exposed are commodity prices, interest rates and foreign exchange. There is also exposure to credit risk and liquidity risk. The Group monitors these risks and will take appropriate action to minimise any exposure through the use of natural hedges.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		Assets	
	2015	2014	**2015**	2014
	£000	£000	**£000**	£000
US Dollar	-	-	**318**	227
Euro	**13**	7	**112**	108

Foreign currency sensitivity analysis

The Group is mainly exposed to the currency of US Dollar and the Euro.

In the opinion of the directors a 5% increase or decrease in sterling against the US Dollar and Euro would not have a material effect on the profit for the year and equity.

Interest rate risk

The Group has no borrowing and any excess funds are invested in money markets and/or available for sale financial assets. The directors believe that by constantly reviewing the options any excess funds are adequately invested.

In the opinion of the directors a 5% increase or decrease in interest rates would not have a material effect on the profit for the year and equity.

25. Financial instruments: information on financial risks (continued)

Credit risk

The Group controls its exposure to credit risk by setting limits on its exposure to individual customers and compliance is monitored by management. As part of the process of setting customer credit limits, different external credit reference agencies are used, according to the country of the customer. In addition the group maintains a credit insurance policy which significantly limits its exposure to credit risk. There are no significant concentrations of credit risk.

The table below illustrates the trade receivables past due date but not impaired:

	2015 Group and Company £000	2014 Group and Company £000
Trade receivables		
Less than 30 days	**76**	55
31 to 60 days	**20**	11
61 to 90 days	**1**	5
Over 91 days	**7**	1
	104	72

All financial liabilities are due on demand or within credit terms.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

26. Total future minimum lease payments under non-cancellable operating lease are:

	2015 Group and Company		2014 Group and Company	
	Land and Buildings £000	**Other £000**	Land and Buildings £000	Other £000
In one year or less	**46**	**14**	48	14
Between one and five years	**-**	**14**	46	28
	46	**28**	94	42

Operating lease payments represent rentals payable by the Group for site rental. Leases are negotiated over the term considered most relevant for each particular lease.

27. Transactions with related parties

There have been no related party transactions during the year other than dividends paid to Directors of £63,000 (2014: £63,000) based on their shareholdings at the date the dividend was declared.

28. Events after the statement of financial position date

The financial statements were authorised for issue on 15th July 2015, and at this date the directors are unaware of any other events that would affect these financial statements.

29. Contingencies and commitments

As at 31st March 2015 there were no capital commitments (2014: £80,000). The Group had no contingent liabilities at 31st March 2015.

30. Controlling Party

The ultimate controlling party is considered to be Mr S. B. Heath and his close family by virtue of them holding a majority of the issued share capital of the company.

NOTICE OF MEETING

Notice is hereby given that the one hundred and twenty-fifth Annual General Meeting of the Company will be held at the registered office of the Company, Leopold Street, Birmingham, on 14th August 2015 at 12.00 noon.

The general business of the meeting will be to consider and, if thought fit, pass the following resolutions:

1. That the Directors' report and audited accounts for the year ended 31st March 2015 be approved and adopted.

2. That a final dividend for the year ended 31st March 2015 of 6.25 pence per share be declared payable on 21st August 2015 to ordinary shareholders registered at the close of business on 24th July 2015.

3. That Mr S.B. Heath who retires by rotation be re-elected a director.

4. That Mr D.J. Pick who retires by rotation be re-elected a director.

5. That Mr N. Bosworth who retires by rotation be re-elected a director.

6. That Baker Tilly UK Audit LLP be reappointed as auditors and that the directors be authorised to determine their remuneration.

As special business to consider and, if thought fit, to pass the resolutions of which Resolutions 7 and 8 will be proposed as an Ordinary Resolution and Resolution 9 as a Special Resolution.

7. That the company be authorised, pursuant to Article 10 of the Articles of Association of the Company, to make market purchases (within the meaning of Section 693 of the Companies Act 2006) on the London Stock Exchange up to a cumulative maximum of 380,148 ordinary shares of 10 pence each in the capital of the Company at a price of not less than 10 pence per ordinary share and not more than 5% above the average of the middle market quotations of the ordinary shares as derived from the Stock Exchange Daily Official List on the 5 dealing days before the purchase.

   The prices specified above are exclusive of expenses.

   The authority hereby conferred shall expire at the next Annual General Meeting unless previously varied, revoked or renewed by the Company in General Meeting, provided that the Company shall be permitted to make any contract of purchase of any such shares which will or may be executed wholly or partly after the authority hereby conferred shall have expired.

8. That the Directors of the Company be and they are hereby generally and unconditionally authorised, (in substitution for any authorities previously granted to the Directors), pursuant to Sections 549 to 551 of the Companies Act 2006 ("the Act"), to exercise all the powers of the Company to allot shares in the Company up to an aggregate nominal amount of £25,343 provided that this authority shall expire on 14th August 2020 save that the Company may before such expiry make offers, agreements or arrangements which would or might require relevant securities to be allotted after such expiry and so that the Directors of the Company may allot relevant securities in pursuance of such offers, agreements or arrangements as if the authority conferred hereby had not expired.

9. That the Directors of the Company be and they are hereby empowered pursuant to Section 570 of the Act to allot equity securities (within the meaning of Section 560(1) of the Act) pursuant to the authority conferred by Resolution 7 as if Section 561 of the Act did not apply to any such allotment, PROVIDED THAT this power shall be limited to a) the allotment of equity securities in connection with or pursuant to an offer by way of rights issue or open offer to the holders of equity shares in the Company in proportion (as nearly as may be) to such holders' holdings of such shares but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with legal or practical problems in respect of overseas shareholders, fractional entitlements or otherwise and b) the allotment (otherwise than pursuant to (a) above) of equity securities for cash up to an aggregate nominal amount of £25,343 provided that this power shall expire at the conclusion of the next Annual General Meeting of the Company or, if later, 15 months from the passing of this resolution, save that the Company may before such expiry make offers, agreements or arrangements which would or might require equity securities to be allotted after such expiry and so that the Directors of the Company may allot equity securities in pursuance of such offers, agreements or arrangements as if the power conferred hereby had not expired.

By order of the Board

J. Park

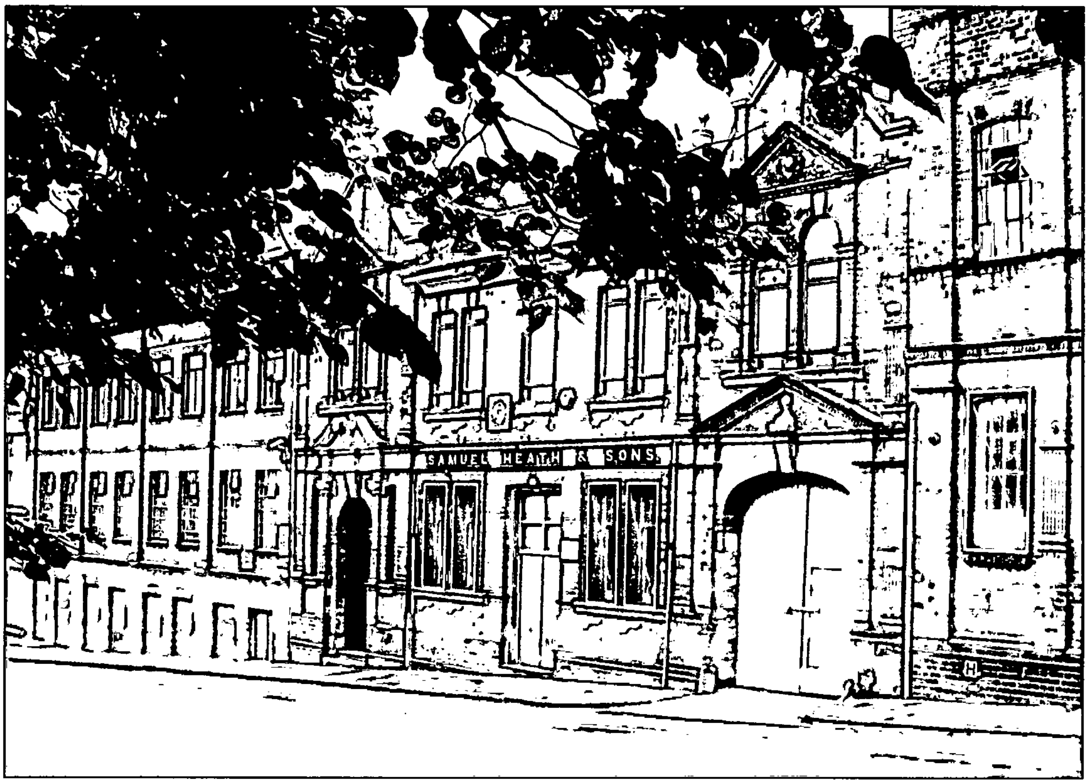
Secretary

15th July 2015.

Notes:

1. Any member entitled to attend and vote at the above Meeting may appoint one or more persons as proxies, who need not also be members, to attend and vote on his behalf. Proxy forms must be lodged with the Registrar not later than 48 hours before the time fixed for the meeting.

2. A statement of the share transactions of each director for the twelve months to 30th June 2015 is available for inspection at the registered office during usual business hours on any weekday (excluding Saturdays and public holidays) until 13th August 2015 and will also be available at the Annual General Meeting from 11.45 a.m. until 15 minutes after the meeting is closed.



Samuel Heath's factory in Birmingham. Behind the protected Victorian facade there is a wealth of production craftsmanship combined with the very latest technology.