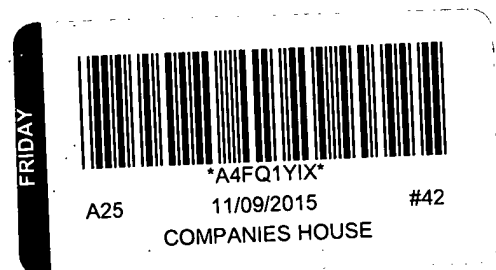


# Ralph Martindale and Company Limited

## FINANCIAL STATEMENTS

for the year ended

31st December 2014



Company Registration No. 65418

# Ralph Martindale and Company Limited

## DIRECTORS:

### **MICHAEL KEARNEY** Executive Chairman

Aged 72. Joined Ralph Martindale & Co. Ltd. in 1995 and was appointed to the Board in May 1998. Appointed Chairman May 2007. A member of the Remuneration Committee.

### **SHAUN FOX** Finance Director

Aged 39. Joined Ralph Martindale & Co. Ltd. in 2005. Appointed Company Secretary in May 2007 and as a Director in April 2012. A member of the Institute of Chartered Accountants in England and Wales.

### **THANASIS TSEPISIS** Sales & Marketing Director

Aged 45. Joined Ralph Martindale & Co. Ltd. and was appointed to the Board in March 2014. Many years experience in international sales and in developing marketing channels in Africa, Asia, and the Middle East.

### **NIGEL ENSOR** Engineering Director

Aged 53. Joined Ralph Martindale & Co. Ltd. in August 1979, and was appointed to the Board in March 2014. Many years involvement in Martindale Group manufacturing processes and engineering development.

### **MARTIN DAVID BARRETT** Deputy Chairman, Non-Executive

Aged 64. Retired from Unilever in October 2009 after a long career with that company. His last position was as a Senior Finance Manager working with Africa, the Middle East and Turkey, and prior to that, senior finance posts were held with Unilever in Africa, Latin America and Asia. Appointed to the Board in March 2008. A member of the Remuneration Committee.

### **PETER RICHARD HOLLOWAY** Non-Executive

Aged 68. Consultant to Brewin Dolphin Ltd. A former member of the London Stock Exchange and the Securities & Investment Institute since 1969. Appointed to the Board in August 2001. A member of the Remuneration Committee.

### **CHRISTOPHER MELROSE** Non-Executive

Aged 63. Chartered Accountant, and Fellow of Royal Aeronautical Society. Chairman of Daher Aerospace Ltd, Consultant for Pace Equity Ltd, and Director of ADS (Aerospace Trade Association). Former Executive Vice President of Bombardier, and former member of UK Trade and Industry Advanced Engineering Board. Appointed to the Board in June 2012. A member of the Remuneration Committee.

# Ralph Martindale and Company Limited

## Subsidiary Boards

### UNITED KINGDOM

#### **RALPH MARTINDALE (ENGLAND) LIMITED:**

S. Fox  
N. Ensor  
G. Owen  
L. Askey

### OVERSEAS

#### **CROCODILE MATCHETS (NIGERIA) LIMITED:**

M. Kearney  
M. Barrett  
S. Fox  
S. Grueter (Swiss)

#### **CROCODILE MATCHETS (GHANA) LIMITED:**

M. Kearney  
M. Barrett  
S. Fox  
S. Grueter (Swiss)  
Nana Antwi Boasiako I (Ghanaian)  
C. Atuahene (Ghanaian)  
K. A. Danso (Ghanaian)

#### **THE CHILLINGTON TOOL (THAILAND) COMPANY LIMITED:**

M. Kearney  
M. Barrett  
S. Fox  
N. Ensor  
T. Tsepisis (Greek)  
J. Bowers (American)  
Waraporn Pongkham (Thai)  
R. Krisda-olam (Thai)  
S. Manosak (Thai)

# Ralph Martindale and Company Limited

## Corporate Information

### REGISTERED OFFICE:

Crocodile House,  
Strawberry Lane,  
Willenhall,  
West Midlands, WV13 3RS  
England  
E-Mail: [Group@RalphMartindale.com](mailto:Group@RalphMartindale.com)  
Website: [www.RalphMartindale.co.uk](http://www.RalphMartindale.co.uk)

### SECRETARY:

Shaun Fox

### AUDITOR:

Baker Tilly UK Audit LLP,  
St Philips Point,  
Temple Row,  
Birmingham,  
B2 5AF

### SOLICITORS:

Eversheds,  
115, Colmore Row,  
Birmingham,  
B3 3AL

### BANKERS:

Barclays Bank PLC,  
P. O. Box 3333,  
One Snowhill,  
Snow Hill Queensway,  
Birmingham,  
B3 2WN

**COMPANY REGISTRATION  
NUMBER:** 65418

# Ralph Martindale and Company Limited

## NOTICE OF ANNUAL GENERAL MEETING

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NOTICE IS HEREBY GIVEN that the ONE HUNDRED AND SIXTEENTH ANNUAL GENERAL MEETING OF THE SHAREHOLDERS of Ralph Martindale & Company Limited will be held at the Fairlawns Hotel, Aldridge, on 3<sup>rd</sup> June, 2015, at 12 noon, for the following purposes:-

1. To receive the Financial Statements and Reports of the Directors and Auditor for the year ended 31<sup>st</sup> December, 2014, and to declare a final dividend on the Ordinary Shares.
2. To re-elect as a Director Mr M. Barrett, who retires by rotation in accordance with Article 94(a) of the Company's Articles of Association and is eligible for re-election.
3. To re-elect as a Director Mr S. Fox, who retires by rotation in accordance with Article 94(a) of the Company's Articles of Association and is eligible for re-election.
4. To fix the Directors' Fees for the year ending 31<sup>st</sup> December, 2015.
5. To re-appoint the Auditor and authorise the Directors to fix their remuneration.

As special business:-

To consider and, if thought fit, pass the following resolutions which will be proposed as follows:-

6. *As an Ordinary Resolution:-*

"That all prior authorities for the Directors to allot relevant securities being hereby revoked, the Directors are hereby generally and unconditionally authorised pursuant to and for the purposes of Section 551 of the Companies Act 2006 to exercise all powers of the Company to allot relevant securities (as defined by such Section) up to a maximum nominal amount of £113,012, such authority to expire on 3<sup>rd</sup> June, 2020, save that the Company shall be entitled before such expiry to make an offer or agreement which would or might require relevant securities to be allotted after such expiry."

7. *As a Special Resolution if, but only if, resolution number 6 is passed by the meeting:-*

"That the Directors are hereby empowered pursuant to Section 570 of the Companies Act 2006 to allot equity securities (as defined in Section 560 of the Companies Act 2006) for cash, pursuant to the authority conferred earlier by this meeting, as if sub-section (1) of Section 561 of the Companies Act 2006 did not apply to any such allotment provided that this power shall be limited to the allotment of equity securities up to an aggregate nominal amount of £110,512 and shall expire on 3<sup>rd</sup> June, 2020, save that the Company shall be entitled before such expiry to make an offer or agreement which would or might require equity securities to be allotted after such expiry."

By Order of the Board,

S. Fox,

Secretary.

### NOTES:-

- I. A member of the Company entitled to attend and vote at this meeting may appoint some other person (whether or not a member of the Company) as his proxy to attend and, on a poll, to vote in his stead in accordance with the Articles of Association of the Company.
- II. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a duly certified copy of such power or authority must be deposited at the Registered Office of the Company at least 48 hours before the meeting.
- III. The completion and return of the form of proxy will not prevent a member from attending the meeting and voting in person if so desired.
- IV. Holders of Preference Shares (as such) are entitled to attend this meeting but not to vote.

Crocodile House,  
Strawberry Lane,  
Willenhall,  
West Midlands,  
WV13 3RS

24<sup>th</sup> April, 2015

# Ralph Martindale and Company Limited

## STRATEGIC REPORT

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The Directors present their reports and the audited Group Financial Statements for the year ended 31<sup>st</sup> December 2014.

### PRINCIPAL ACTIVITIES

During the year to 31<sup>st</sup> December 2014 the Group was principally engaged in the manufacture and sale of agricultural hand tools and hot rolled steel sections.

The Group results for the year are set out on page 9.

### BUSINESS REVIEW

2014 proved to be the most challenging year for trading encountered by the Group for quite some time, and was heavily impacted by a disastrous fall in foreign currency exchange rates, primarily in Ghana, and to a lesser extent in Nigeria and Thailand, with all their consequences.

In the first half of 2014, the Ghanaian Cedi currency was the worst performing currency in the world, and over the year 2014, saw a fall of 55% in average exchange rates against Sterling. In closing rate terms, the Cedi depreciation to Sterling peaked at 61% in August 2014, before settling to a fall of 27% at year-end.

The Company trades in overseas markets, and in 2014, from our manufacturing facilities in Ghana and in Thailand, our products were sold into 54 countries worldwide.

Total Group external Sterling turnover for the year 2014, after absorbing substantial negative exchange rate differences and one-off charges, was £12,706,965, compared to total Group external turnover of £14,892,916 in 2013, an overall decrease of 14.6%. While external turnovers in local currencies terms in both Ghana and Thailand in 2014 were up by 17% and 7% respectively, these gains were wiped out by adverse exchange rate movements - turnover from continuing businesses in the Africa Region, when expressed in Sterling, decreased by 24%, and in the Asia Region by 4%.

In line with our Group restructuring, in 2014 our UK Region trading company primarily supplied steel products to Group companies; such turnover is regarded as internal, and is not included in the figures being reported. Legacy external turnover in the UK Region in 2014 amounted to 1% of total Group revenues. Since March 2015, we have ceased steel production at our mill in England in favour of securing less expensive alternative steel sourced elsewhere. There will be some restructuring costs arising in 2015 from this decision, but it is not possible to accurately state these at this time. Our UK company will continue trading and support and supply operations for Group companies as before.

Our manufacturing plants in Africa and Asia have had specially designed equipment installed to handle externally-sourced steel, and to ensure that Martindale traditional quality standards are maintained.

In Africa, economic conditions in Ghana were volatile and challenging, with rampant currency depreciation, a struggling economy, electricity rationing to three days per week for our factory, and a dearth of liquidity in the country. In Nigeria, the Government officially devalued the Naira currency in November 2014, formalising a 9% market fall against Sterling in the year.

In Asia, the early part of the year in Thailand was marked by civil unrest and demonstrations that were brought to a lull by a military coup on 22<sup>nd</sup> May 2014, although there are still sporadic outbreaks of violence throughout the country. The local Thai market for our products was naturally affected during that period, but recovered gradually as the year progressed. Export business remained strong, and, in local currency terms, audited net profit before tax for the year for our Thai company increased by over 1,000%.

# Ralph Martindale and Company Limited

## STRATEGIC REPORT (continued)

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### BUSINESS REVIEW (continued)

Operating Profit for the year in review, after currency depreciation charges of £623,406 and a charge of approximately £495,000 for unrecoverable VAT in Ghana (applicable to 2014 only), was £216,801, compared to an Operating Profit of £286,895 for 2013. We have been successful in negotiating a zero-rated VAT status for our Ghanaian company for 2015, and it is anticipated that VAT charges as in 2014 in Ghana will not be repeated. Gross Profit in 2014 was 26% on turnover, up from 23% in 2013.

Group interest costs in 2014 amounted to £447,712, compared to £438,583 in 2013, with the major proportion of these costs arising in Ghana.

A taxation charge of £182,446 for 2014 includes tax of £131,388 arising on profits in Thailand. 2013 Group taxation was a highly exceptional credit of £221,860.

Taking all of these elements into account, the Result Before Tax for 2014 was a loss of £160,138, compared to a loss of £116,768 in 2013. The Result After Tax in 2014 was a Loss of £342,584 for the year ended 31<sup>st</sup> December 2014, compared to a Profit of £105,092 for the same period 2013.

### RISKS AND UNCERTAINTIES

There are a number of continuing risks and uncertainties that could impact adversely upon the Group's performance; these risks are persistent, and are constantly reviewed:

#### Banking Arrangements, Foreign Currency Risk, & Cash Flow

The Group has banking arrangements in Africa, Asia, and Europe, servicing our trading companies in Ghana, Nigeria, Thailand, and England. Interruption in any of those facilities would impact negatively on the operations of these companies.

Interest rate levels in some countries are exceptionally high; the degree of exposure to, and movements in those rates can affect finance costs and hence Group results.

Major manufacturing companies in the Group are established and trade in overseas countries where national currencies are "soft" and where translation of results into Sterling for reporting purposes can affect the Group's published consolidated financial performance. Physical assets (factories, plant and equipment, etc.) are, of course, constant and intact.

#### Abrupt Legislative Changes in Countries Where Group Companies Operate

Changes in importation regulations for both raw materials and finished goods; increased exposure from abrupt amendments to taxation and excise laws; and *de facto* non-observance of regional trading treaties can and do affect the operations and profitability of Group companies.

#### Political Risk

The Group has manufacturing subsidiaries on three continents, and a number of companies are situated in countries that could quickly become unstable, with attendant risks for the uninterrupted continuation of business and with consequent effects on the Group's consolidated performance.

#### Key Facilities and Plant

Group companies operate bespoke plant and machinery that is essential for the Group to function efficiently. Insurance and other measures are in place to mitigate against potential events in any one location, but there can be no guarantee that these measures will be adequate in all circumstances. A programme is underway to upgrade and modernise plant and equipment, and manufacturing processes, throughout the Group.

# Ralph Martindale and Company Limited

## STRATEGIC REPORT (continued)

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### RISKS AND UNCERTAINTIES (continued)

#### Raw Material & Energy Prices

Prices for the Group's basic raw material, steel, tend to rise inexorably, and often abruptly by substantial percentages. This type of cost increase is outwith our control, and, in competitive markets, cannot always be passed on immediately in our product selling prices.

The Group's manufacturing operations are entirely dependent upon the availability and costs of energy. Interruptions in supply or increases in energy prices will have an effect on business costs and resultant margins. In several countries where we operate, the supply of state energy resources is erratic in the extreme, requiring us to resort to more expensive forms of power generation.

#### Commercial Relationships

The Group has longstanding commercial relationships with a number of key customers and suppliers. Unanticipated changes in these relationships could have an impact on the Group's reported results until alternative arrangements are put in place.

#### Human Resources

The Group is engaged in manufacturing in Europe, Asia, and Africa, and markets products throughout the world. Should the Group lose the services of its experienced key people it could have a material effect on the Group's business in the short to medium term.

#### Pensions

The Company has pension scheme obligations that are calculated on the basis of actuarial assumptions. These are subject to changes in various factors outside the Company's control, and could lead to an increase (or reduction) in the pension scheme deficit, the level of Company contributions, and its compliance costs.

### KEY PERFORMANCE INDICATORS

The Board continuously reviews the strategic and financial progress of the Group using, among others, the following financial and non-financial key performance indicators (KPIs)

#### Financial KPIs

##### Turnover

Turnover is considered in both price and volume terms.

In 2014, revenues from our core products, matchets and hoes, in continuing businesses was reduced on translation into sterling by 14.6% compared to those for 2013.

##### Operating Margins

Operating margins are regularly reviewed in all Group manufacturing companies. Product selling prices are adjusted to accommodate cost increases and improve margins. All costs, both direct and indirect, are reviewed on a regular basis.



# Ralph Martindale and Company Limited

## STRATEGIC REPORT (continued)

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### KEY PERFORMANCE INDICATORS (continued)

#### Cash Flow

The Group has finance facilities with different banks in four countries, each with varying collateral requirements. Cash flow management is considered to be of paramount importance to avoid exposure through any breach of our banks' facilities terms and conditions, as well as to minimise the excessive interest charges that prevail in West Africa.

The Group seeks to repatriate funds into hard currencies as soon as commercially feasible.

Cash flow is considered at every monthly Board Meeting against forecast and budget targets.

#### Operating Budgets

All manufacturing Group companies prepare comprehensive Operating Budgets, and these are regularly reviewed to take account of changing circumstances.

#### Non-financial KPIs

##### Health & Safety

Health and safety matters are reviewed at every Board meeting, at both parent and subsidiary company level.

On behalf of the board



M. Kearney  
Director

24<sup>th</sup> April, 2015

# Ralph Martindale and Company Limited

## DIRECTORS' REPORT

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### DIVIDENDS AND APPROPRIATIONS

The directors do not recommend the payment of a final ordinary dividend in respect of the year ended 31<sup>st</sup> December 2014 (2013: £nil).

No interim dividend was paid on the ordinary shares in respect of the year ended 31<sup>st</sup> December 2014 (2013: £nil).

The total dividend paid on preference shares for the year amounted to £45,161 (2013: £45,161).

### FUTURE DEVELOPMENTS

Work is continuing on the development of the existing business, and on expanding markets and product lines.

Plant and equipment is being upgraded throughout the Group to improve production efficiencies, coupled with fundamental changes to our traditional manufacturing processes and materials.

New markets for our products are being developed in South East Asia, Africa, and the Americas.

To deliver these objectives of modernising manufacturing capabilities and developing new markets, the Board, already strengthened by the appointment of two additional Executive Directors in 2014, is restructuring Group management.

### EMPLOYMENT POLICY

The directors believe that it is important to develop good working relations by the use of clear channels of communication. Each company in the Group is encouraged to implement comprehensive employment policies designed to identify employees with its achievements. In practice, the responsibility for communicating with the workforce rests with managers at each UK and Overseas subsidiary company.

It is the policy of the company to give full and fair consideration to applications for employment made by disabled persons, having regard to their aptitude and abilities.

### DIRECTORS

The directors of the holding company during the year and their interests in the company's share capital were as follows:

	31 <sup>st</sup> December, 2014			31 <sup>st</sup> December, 2013		
	Ordinary shares	5% Pref. shares	15% Pref. shares	Ordinary shares	5% Pref. shares	15% Pref. shares
M. Kearney	55,499	753	1,712	55,499	443	1,712
P.R. Holloway	97,805	14	1,121	97,805	14	1,121
M. Barrett	5,199	14	1,204	5,199	14	1,204
S. Fox	1,000	-	452	1,000	-	452
C. Melrose	100	-	-	100	-	-
N. Ensor	100	-	-	-	-	-
T. Tsepisis	100	-	-	-	-	-

Qualifying third party indemnity provision is in place for the benefit of all directors of the company.

# Ralph Martindale and Company Limited

## DIRECTORS' REPORT (continued)

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### STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

### AUDITOR

Baker Tilly UK Audit LLP has indicated its willingness to continue in office.

On behalf of the Board,  
Crocodile House,  
Strawberry Lane,  
Willenhall,  
West Midlands,  
WV13 3RS

24<sup>th</sup> April, 2015



M. Kearney,  
Director.

# Ralph Martindale and Company Limited

## DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period.

In preparing those financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and 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 RALPH MARTINDALE AND COMPANY LIMITED

We have audited the group and parent company financial statements (the "financial statements") on pages 9 to 36. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 parent company's affairs as at 31 December 2014 and of the group's 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.

### 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.

### 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.



Gary Moreton (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

24 April 2015

**Ralph Martindale and Company Limited**  
**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
for the year ended 31st December 2014

	<i>Notes</i>	31 <sup>st</sup> December, 2014 £	31 <sup>st</sup> December, 2013 £
TURNOVER	1	12,706,965	14,892,916
Cost of sales		(9,398,306)	(11,416,751)
<b>GROSS PROFIT</b>		<b>3,308,659</b>	<b>3,476,165</b>
Distribution costs		(552,207)	(537,331)
Administrative expenses		(2,539,651)	(2,651,939)
<b>OPERATING PROFIT</b>	2	<b>216,801</b>	<b>286,895</b>
Investment income	4	70,773	34,920
Interest payable	5	(447,712)	(438,583)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(160,138)</b>	<b>(116,768)</b>
Taxation	6	(182,446)	221,860
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<b>(342,584)</b>	<b>105,092</b>
Minority interests	19	127,503	93,489
<b>NET (LOSS)/PROFIT</b>	17	<b>(215,081)</b>	<b>198,581</b>

The result for the year arises from continuing operations.

**Ralph Martindale and Company Limited**  
**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**for the year ended 31st December 2014**

	Year ended 31 <sup>st</sup> December, 2014 £	Year ended 31 <sup>st</sup> December, 2013 £
(Loss)/Profit for the financial year before minority interests	(342,584)	105,092
Revaluation in year	864,880	-
Pension scheme actuarial loss	(395,000)	(311,000)
Deferred tax adjustment in respect of pension liability	79,000	2,000
Currency translation difference on foreign currency net investments	(132,370)	(1,182,104)
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>	<b>73,926</b>	<b>(1,386,012)</b>

**NOTE OF HISTORICAL COST PROFITS AND LOSSES**  
**for the year ended 31st December 2014**

	Year ended 31 <sup>st</sup> December, 2014 £	Year ended 31 <sup>st</sup> December, 2013 £
Reported loss on ordinary activities before taxation	(160,138)	(116,768)
Difference between the historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount	6,203	6,462
Historical cost loss on ordinary activities before taxation	(153,935)	(110,306)
Historical cost (loss)/profit for the year retained after taxation and minority interests	(208,878)	205,043

# Ralph Martindale and Company Limited

## CONSOLIDATED BALANCE SHEET

31st December 2014

Company Registration No. 65418

	Notes	31 <sup>st</sup> December, 2014 £	31 <sup>st</sup> December, 2013 £
<b>FIXED ASSETS</b>			
Tangible assets	8	9,740,806	8,733,904
Investments	9	9,567	9,026
		<u>9,750,373</u>	<u>8,742,930</u>
<b>CURRENT ASSETS</b>			
Stocks	10	7,410,783	7,374,328
Debtors	11	2,613,221	3,448,513
Cash at bank and in hand		147,281	420,771
		<u>10,171,285</u>	<u>11,243,612</u>
CREDITORS: Amounts falling due within one year	12	(7,374,847)	(7,536,581)
		<u>2,796,438</u>	<u>3,707,031</u>
<b>NET CURRENT ASSETS</b>			
		<u>12,546,811</u>	<u>12,449,961</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
CREDITORS: Amounts falling due after one year	13	(713,517)	(849,793)
		<u>11,833,294</u>	<u>11,600,168</u>
<b>NET ASSETS EXCLUDING PENSION LIABILITY</b>			
PENSION LIABILITY	21	(824,000)	(665,000)
		<u>11,009,294</u>	<u>10,935,168</u>
<b>NET ASSETS INCLUDING PENSION LIABILITY</b>			
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	3,575,912	3,575,712
Profit and loss account	17	6,097,637	6,568,965
Revaluation reserve	17	1,801,584	1,204,494
		<u>11,475,133</u>	<u>11,349,171</u>
<b>TOTAL SHAREHOLDERS' FUNDS</b>			
Minority interests - equity	19	(465,839)	(414,003)
		<u>11,009,294</u>	<u>10,935,168</u>

The financial statements on pages 9 to 36 were approved by the board and authorised for issue on 24<sup>th</sup> April, 2015 and signed on its behalf by:



M. Kearney - Director



S. Fox - Director



# Ralph Martindale and Company Limited


## BALANCE SHEET

31st December 2014

Company Registration No. 65418

	Notes	31 <sup>st</sup> December, 2014 £	31 <sup>st</sup> December, 2013 £
<b>FIXED ASSETS</b>			
Tangible assets	8	1,711,928	1,761,092
Investments	9	2,791,927	2,791,927
		<u>4,503,855</u>	<u>4,553,019</u>
<b>CURRENT ASSETS</b>			
Debtors	11	6,703,288	6,797,333
Cash at bank and in hand		440	340
		<u>6,703,728</u>	<u>6,797,673</u>
<b>CREDITORS: Amounts falling due within one year</b>	12	<u>(6,088,178)</u>	<u>(6,289,290)</u>
<b>NET CURRENT ASSETS</b>		<u>615,550</u>	<u>508,383</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>5,119,405</u>	<u>5,061,402</u>
<b>CREDITORS: Amounts falling due after one year</b>	13	<u>(311,076)</u>	<u>(311,076)</u>
<b>NET ASSETS EXCLUDING PENSION LIABILITY</b>		<u>4,808,329</u>	<u>4,750,326</u>
<b>PENSION LIABILITY</b>	21	<u>(824,000)</u>	<u>(665,000)</u>
<b>NET ASSETS INCLUDING PENSION LIABILITY</b>		<u>3,984,329</u>	<u>4,085,326</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	3,575,912	3,575,712
Profit and loss account	17	408,417	509,614
<b>TOTAL SHAREHOLDERS' FUNDS</b>		<u>3,984,329</u>	<u>4,085,326</u>

The financial statements on pages 9 to 36 were approved by the board and authorised for issue on 24<sup>th</sup> April, 2015 and signed on its behalf by:

  
M. Kearney – Director

  
S. Fox - Director

**Ralph Martindale and Company Limited**  
**CONSOLIDATED CASH FLOW STATEMENT**  
for the year ended 31st December 2014

	<i>Notes</i>	Year ended 31 <sup>st</sup> December, 2014 £	Year ended 31 <sup>st</sup> December, 2013 £
NET CASH FLOW FROM OPERATING ACTIVITIES	20a	1,006,384	314,526
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest paid		(402,551)	(393,422)
Interest received		3,773	7,711
Preference dividends paid		(45,161)	(45,161)
		(443,939)	(430,872)
TAXATION PAID		(77,909)	(187,461)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Purchase of tangible fixed assets		(709,379)	(1,123,783)
Sale of tangible fixed assets		2,018	6,415
Sale of quoted investments		-	509
		(707,361)	(1,116,859)
EQUITY DIVIDENDS PAID		-	(71,514)
NET CASH FLOW BEFORE FINANCING		(222,825)	(1,492,180)
FINANCING			
Issue of ordinary share capital		200	-
New secured loans		440,260	801,253
Repayments of loans		(323,236)	(753,055)
		117,224	48,198
DECREASE IN CASH IN THE YEAR	20b	(105,601)	(1,443,982)
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT			
Decrease in cash in the year		(105,601)	(1,443,982)
Loan repayments during the year		323,236	753,055
New secured loans		(440,260)	(801,253)
Movement in net debt in the year	20b	(222,625)	(1,492,180)
Net debt at 1 <sup>st</sup> January, 2014		(4,221,342)	(2,729,162)
Net debt at 31 <sup>st</sup> December, 2014	20b	(4,443,967)	(4,221,342)

# Ralph Martindale and Company Limited

## ACCOUNTING POLICIES

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### BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, and under historical cost accounting rules, except for certain fixed assets which are stated at valuation.

### BASIS OF CONSOLIDATION

The group financial statements consolidate the financial statements of the parent undertaking and all its subsidiaries. Intra-group trading and profits are eliminated on consolidation. No separate profit and loss account is presented for the parent undertaking, in accordance with the statutory exemption given by section 408 of the Companies Act 2006. All subsidiaries have coterminous year ends.

### TURNOVER

Turnover represents the amount receivable in respect of goods delivered to customers of group companies during the year, net of Value Added Tax. Turnover is recognised on despatch of goods.

### TANGIBLE FIXED ASSETS AND DEPRECIATION

Fixed assets are stated at cost or valuation. The group has adopted the provisions of Financial Reporting Standard No. 15 "Tangible Fixed Assets" and is committed to a regular revaluation of its long leasehold property in Ghana. Other property costs have been brought forward at their current cost or valuation under the transitional provisions in FRS 15. Depreciation is being charged from the year in which the asset is first available for use so as to write off each asset's cost or valuation less any residual value over its anticipated useful economic life. Residual value is calculated on prices prevailing at the date of acquisition. The following rates of depreciation have been used:

Freehold land	Nil
Freehold buildings	4% on the reducing balance
Long leasehold property	3% straight line
Short leasehold property	straight line over lease term
Plant, equipment and motor vehicles	25% on the reducing balance or 3%-33 $\frac{1}{3}$ % straight line

Fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable or otherwise required by relevant accounting standards.

### STOCKS AND WORK IN PROGRESS

Stocks and work in progress have been valued on a first in first out basis at the lower of cost and net realisable value. Cost is based on purchase price or production cost including related fixed and variable production overheads and depreciation. Included in stocks are various types of rolling machinery used in the production process. Provision is made for obsolete and slow moving items.

### OPERATING LEASES

Payments under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

### DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

# Ralph Martindale and Company Limited

## ACCOUNTING POLICIES (continued)

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### DEFERRED TAXATION (continued)

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Deferred tax assets are recognised to the extent that they are recoverable. They are regarded as recoverable to the extent that, on the basis of all available evidence, it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

### GOODWILL

Goodwill arising on acquisitions prior to 31<sup>st</sup> March, 1999, (being the excess cost of acquiring shares in subsidiary undertakings over fair value of net assets at date of acquisition) has been written off to reserves in the year in which it arose. Any subsequent goodwill arising on further acquisitions is capitalised and is written off over the useful economic life of the assets being a ten year period from the year in which it arises or on disposal of the related assets.

### NEGATIVE GOODWILL

Negative goodwill is calculated as the amount by which the fair value of assets acquired exceeds the cost of investment and is being amortised in line with the use of the assets to which it relates.

### FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated into sterling at the closing rate of exchange. Differences arising due to exchange fluctuations have been reflected in the profit and loss account.

### GOVERNMENT GRANTS

Government grants on capital expenditure are credited to a deferred account and are released to revenue over the expected useful life of the relevant assets by equal annual instalments.

### PENSION COSTS

For defined benefit schemes the amount charged to the profit and loss account in respect of pension costs and other post retirement benefits is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The interest cost and expected return on assets are included within other finance costs.

Defined benefit schemes are funded, with the assets held separately from the group in separate trustee administered funds. A liability is recognised in the balance sheet in respect of the defined benefit plan which represents the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. A full valuation of the liability is calculated by an independent actuary every 3 years and updated on an annual basis using the projected unit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability. Actuarial gains and losses are recognised in reserves in the year in which they arise. Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

A pension scheme asset is recognised on the balance sheet only to the extent that the surplus may be recovered by reduced future contributions or to the extent that the trustees have agreed a refund from the scheme at the balance sheet date. A pension scheme liability is recognised to the extent that the group has a legal or constructive obligation to settle the liability.

# Ralph Martindale and Company Limited

## ACCOUNTING POLICIES (continued)

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### PENSION COSTS (continued)

Payments are also made to pension plans for certain senior employees. These payments are made on a defined contribution basis and are charged to the profit and loss account in the year they arise.

### LIQUID RESOURCES

Liquid resources consist of short and medium term deposits of less than one year with recognised banks and government securities in the form of bonds.

### IMPAIRMENTS

Fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable or as otherwise required by relevant accounting standards.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of net realisable value and value-in-use, are recognised as impairments. Impairments of revalued assets, except those caused by a clear consumption of economic benefit, are recognised in the statement of total recognised gains and losses until the carrying amount reaches depreciated historic cost. All other impairment losses are recognised in the profit and loss account.

# Ralph Martindale and Company Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st December 2014

### 1 TURNOVER

Year ended 31 <sup>st</sup> December, 2014 £	Year ended 31 <sup>st</sup> December, 2013 £
-------------------------------------------------------	-------------------------------------------------------

The analysis of turnover by geographical destination is as follows:

United Kingdom	130,188	158,494
Other European Countries	812	2,206
Rest of the world	12,575,965	14,732,216
	<u>12,706,965</u>	<u>14,892,916</u>

### 2 OPERATING PROFIT

OPERATING PROFIT IS STATED AFTER CHARGING/(CREDITING)

Year ended 31 <sup>st</sup> December, 2014 £	Year ended 31 <sup>st</sup> December, 2013 £
-------------------------------------------------------	-------------------------------------------------------

Depreciation		
- owned assets	388,884	349,669
- leasehold assets	22,440	28,477
Staff costs (see note 3)	3,307,117	3,974,928
Irrecoverable VAT	495,000	-
Foreign exchange losses	623,406	442,245
Operating lease rentals		
- Motor vehicles	9,321	16,672
Profit on disposal of fixed assets	-	(4,136)
Auditor's remuneration		
Fees payable to Baker Tilly UK Audit LLP for the audit of the Ralph Martindale and Company Limited annual financial statements	32,500	36,000
Fees payable to Baker Tilly UK Audit LLP or its associates for other services:		
- the audit of the company's subsidiaries, pursuant to legislation	10,000	10,000
- other services pursuant to legislation	600	550
- tax and related services	9,950	8,800
- fees in respect of the Ralph Martindale and Company Limited pension scheme		
- audit	6,362	6,200
	<u>6,362</u>	<u>6,200</u>

# Ralph Martindale and Company Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st December 2014

3 STAFF COSTS (including directors' emoluments)	Year ended 31 <sup>st</sup> December, 2014 £	Year ended 31 <sup>st</sup> December, 2013 £
Wages and salaries	2,966,858	3,590,535
Social security costs	191,391	228,698
Contributions to defined contribution pension schemes	70,207	95,864
Defined benefit pension scheme current service costs	31,000	28,000
Defined benefit pension scheme other contributions	47,661	31,831
	<u>3,307,117</u>	<u>3,974,928</u>
	2014 Number	2013 Number
The average monthly number of persons (including directors) employed by the group during the year was:		
Manufacturing	484	537
Administration and sales	57	54
	<u>541</u>	<u>591</u>

The aggregate emoluments of the Directors of Ralph Martindale and Company Limited for the years ended 31st December, 2014 and 31<sup>st</sup> December, 2013 were as follows:

	2014 £	2013 £
<b>PARENT UNDERTAKING</b>		
Directors:		
Emoluments (including benefits in kind)	<u>531,907</u>	<u>288,474</u>
Highest paid director (included above):		
Emoluments (including benefits in kind)	<u>158,355</u>	<u>139,773</u>
Total number of directors qualifying for benefits:		
Under defined benefit pension scheme	<u>1</u>	<u>-</u>

The increase in total Directors' Emoluments in 2014, compared to 2013, primarily relates to the appointment of two additional directors in March 2014.

T Tsepis was the highest paid director in 2014, and M Kearney was the highest paid director in 2013.

# Ralph Martindale and Company Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st December 2014

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4 INVESTMENT INCOME

	Year ended 31 <sup>st</sup> December, 2014 £	Year ended 31 <sup>st</sup> December, 2013 £
Fixed asset investment income	6	15
Profit on sale of investments	-	209
Other interest receivable	3,767	7,696
Other finance income	67,000	27,000
	<hr/>	<hr/>
	70,773	34,920
	<hr/>	<hr/>

5 INTEREST PAYABLE

	Year ended 31 <sup>st</sup> December, 2014 £	Year ended 31 <sup>st</sup> December, 2013 £
Bank loans and overdrafts	402,551	393,422
Dividends paid on preference shares	45,161	45,161
	<hr/>	<hr/>
	447,712	438,583
	<hr/>	<hr/>



**Ralph Martindale and Company Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31st December 2014

6	TAX ON PROFIT ON ORDINARY ACTIVITIES	Year ended 31 <sup>st</sup> December, 2014 £	Year ended 31 <sup>st</sup> December, 2013 £
	Current tax charge:		
	- Corporation tax charge for year	-	29,287
	- Overseas withholding tax - current period	70,930	49,393
	- Overseas tax for period	132,397	15,574
	- Adjustments in respect of previous periods	(29,287)	(18)
	Total current tax charge	174,040	94,236
	Deferred tax:		
	Origination and reversal of timing differences		
	- UK	(40,994)	(231,403)
	- Overseas	10,400	(83,693)
		(30,594)	(315,096)
	- Movement in respect of FRS 17: pension liability	39,000	(1,000)
	Tax charge/(credit) on ordinary activities	182,446	(221,860)
	Reconciliation of corporation tax charge to the tax charge if the effective rate of corporation tax in the UK of 21.49% (2013: 23.25%) is applied to the loss profit before tax:		
	Loss on ordinary activities before tax	(160,138)	(116,768)
	Loss on ordinary activities multiplied by the effective rate of corporation tax in the UK of 21.49% (2013: 23.25%)	(34,414)	(27,149)
	Charges not deductible for tax purposes	64,631	80,131
	Depreciation in excess of/(less than) capital allowances	42,735	(16,220)
	Adjustments in respect of previous periods	(29,287)	(18)
	Lower tax rates on group earnings	(11,196)	(1,696)
	Consolidation adjustments not taxable	(12,509)	(13,773)
	Utilisation of tax losses brought forward	-	(16,846)
	Tax losses not utilised	139,878	93,355
	Deductible items	(75,416)	(44,230)
	Losses carried back	28,892	-
	Marginal tax relief	-	(1,468)
	Adjustment for overseas withholding tax	60,726	42,150
		174,040	94,236

# Ralph Martindale and Company Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st December 2014

### 6 TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

The group has cumulative UK tax losses of £2,478,869 (2013: £2,345,000) which are being carried forward to offset against future UK trading profits. Based on an assessment by the directors of the Group's future prospects, a deferred tax asset of £236,678 (2013: £210,000) has been recognised in respect of £1,183,390 of these tax losses. Whilst the directors are optimistic regarding the Group's future performance, a prudent decision has been made to not recognise a deferred tax asset, which would amount to £259,096 in respect of the balance of the tax losses of £1,295,479, due to the current uncertain global economic climate.

### 7 DIVIDENDS

	Year ended 31 <sup>st</sup> December, 2014 £	Year ended 31 <sup>st</sup> December, 2013 £
Ordinary shares of £1 each - equity		
- 2013 final Nil p per share (31 <sup>st</sup> December, 2012: 2 p)	-	71,514

### 8 TANGIBLE FIXED ASSETS

#### GROUP

	<i>Freehold property £</i>	<i>Long leasehold property £</i>	<i>Plant, equipment and motor vehicles £</i>	<i>Total £</i>
Cost or valuation				
1 <sup>st</sup> January, 2014	5,662,614	1,269,036	11,092,390	18,024,040
Additions	14,925	-	694,454	709,379
Revaluation	-	820,000	-	820,000
Disposals	-	-	(43,144)	(43,144)
Exchange adjustments	170,962	(269,036)	(20,043)	(118,117)
31 <sup>st</sup> December, 2014	5,848,501	1,820,000	11,723,657	19,392,158
Depreciation				
1 <sup>st</sup> January, 2014	1,547,929	28,477	7,713,730	9,290,136
Charge for year	134,405	22,440	254,479	411,324
Revaluation	-	(44,880)	-	(44,880)
Disposals	-	-	(42,309)	(42,309)
Exchange adjustments	29,690	(6,037)	13,428	37,081
31 <sup>st</sup> December, 2014	1,712,024	-	7,939,328	9,651,352
Net book value				
31 <sup>st</sup> December, 2014	4,136,477	1,820,000	3,784,329	9,740,806
31 <sup>st</sup> December, 2013	4,114,685	1,240,559	3,378,660	8,733,904

# Ralph Martindale and Company Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st December 2014

### 8 TANGIBLE FIXED ASSETS (continued)

Certain freehold and long leasehold property is included at professional valuations as follows:

Year of valuation	Freehold property £	Long leasehold property £
1993 Ralph Martindale & Company Limited	2,100,000	-
2014 Crocodile Matchets (Ghana) Limited	-	1,820,000

In accordance with the group's normal policies and also to mitigate the effect of hyperinflation, long leasehold property in Ghana is included at valuation.

The long leasehold property owned by Crocodile Matchets (Ghana) Limited was revalued at 31<sup>st</sup> December 2014, by Koaconsult, Surveyors and Valuers, on an open market value basis, giving rise to a revaluation surplus of £864,880.

The freehold property in the United Kingdom owned by Ralph Martindale and Company Limited was revalued in May 1993 by Lambert Smith Hampton, Consultant Surveyors and Valuers.

COMPANY	Freehold property £	Plant, equipment and motor vehicles £	Total £
Cost or valuation			
1 <sup>st</sup> January, 2014	3,015,669	193,074	3,208,743
Additions	-	3,389	3,389
Disposals	-	(25,810)	(25,810)
31 <sup>st</sup> December, 2014	3,015,669	170,653	3,186,322
Depreciation			
1 <sup>st</sup> January, 2014	1,284,086	163,565	1,447,651
Charge for year	42,925	7,610	50,535
Disposals	-	(23,792)	(23,792)
31 <sup>st</sup> December, 2014	1,327,011	147,383	1,474,394
Net book value			
31 <sup>st</sup> December, 2014	1,688,658	23,270	1,711,928
31 <sup>st</sup> December, 2013	1,731,583	29,509	1,761,092

Freehold property includes £2,100,000 at valuation, made on an open market value basis in 1993.

# Ralph Martindale and Company Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st December 2014

### 8 TANGIBLE FIXED ASSETS (continued)

The revaluation reserve in respect of the freehold property is included within the group revaluation reserve as the property was owned by a subsidiary undertaking at the date of the valuation, and was transferred to the company in 1996.

The freehold properties in the United Kingdom owned by Ralph Martindale and Company Limited were valued in August 2014 by Lambert Smith Hampton at £2,325,000, using an open market value basis of valuation. This valuation is not incorporated within the net book value at 31<sup>st</sup> December, 2014 or 2013. Based on a value of £2,325,000 no capital gain arises on a disposal.

If the freehold and long leasehold properties had not been revalued they would have been included at the following amounts

	Group £	Company £
Historical cost	5,703,036	2,664,820
Accumulated depreciation based on cost	(1,741,552)	(1,125,035)
	<hr/>	<hr/>
Net book value	3,961,484	1,539,785
	<hr/>	<hr/>

### 9 FIXED ASSET INVESTMENTS

#### GROUP

	<i>Unlisted investments</i> £
Cost	
1 <sup>st</sup> January, 2014	9,026
Exchange adjustments	541
	<hr/>
31 <sup>st</sup> December, 2014	9,567
	<hr/>
Provision for diminution in value	
1 <sup>st</sup> January, 2014	-
Movement in the year	-
	<hr/>
31 <sup>st</sup> December, 2014	-
	<hr/>
Net book value	
31 <sup>st</sup> December, 2014	9,567
	<hr/>
31 <sup>st</sup> December, 2013	9,026
	<hr/>

# Ralph Martindale and Company Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st December 2014

### 9 FIXED ASSET INVESTMENTS (continued)

#### COMPANY

	<i>Investment in Subsidiaries £</i>
Cost	
1 <sup>st</sup> January, 2014	2,841,927
Disposals	-
	<hr/>
31 December 2014	2,841,927
	<hr/>
Provision for diminution in value	
1 <sup>st</sup> January, 2014	50,000
Movement in the year	-
	<hr/>
31 <sup>st</sup> December, 2014	50,000
	<hr/>
Net book value	
31 <sup>st</sup> December, 2014	2,791,927
	<hr/>
31 <sup>st</sup> December, 2013	2,791,927
	<hr/>

The provision for diminution in value of investments was made to write down the value to the lower of cost and net realisable value.

The investment in subsidiaries comprises £2,841,927 relating to share capital.

TRADING SUBSIDIARIES	Direct ownership %	Class of share	Country of incorporation
Ralph Martindale (England) Limited	100% owned	Ordinary	England
Crocodile Matchets (Nigeria) Limited	60% owned	Ordinary	Nigeria
Crocodile Matchets (Ghana) Limited	89.24% owned	Ordinary	Ghana
The Chillington Tool (Thailand) Company Limited	100% owned	Ordinary	Thailand

During the year Ralph Martindale (England) Limited and the overseas trading subsidiaries were engaged in the manufacture and/or sale of agricultural hand tools. Ralph Martindale (England) Limited was also engaged in the manufacture of hot rolled steel sections.

# Ralph Martindale and Company Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st December 2014

### 9 FIXED ASSET INVESTMENTS (continued)

For consolidation purposes the financial statements of the foreign subsidiaries have been converted into sterling. The exchange rate used for the profit and loss account has been the average rate for the year and the balance sheet has been converted at the rate ruling at the balance sheet date.

Exchange rates used:	31.12.14	Average 1.1.14 to 31.12.14	31.12.13	Average 1.1.13 to 31.12.13
Nigeria (Naira to £1)	286.2	274.31	268.35	251.73
Ghana (Cedi to £1)	5.00	5.05	3.94	3.26
Thailand (Baht to £1)	51.22	53.62	54.29	48.21

The group trades in a number of currencies, in particular the US Dollar, and the movements during the period have been:-

	31.12.14	Average 1.1.14 to 31.12.14	31.12.13	Average 1.1.13 to 31.12.13
US Dollar to £1	1.55	1.65	1.65	1.56

### 10 STOCKS

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Raw materials	2,569,130	2,285,148	-	-
Work in progress	1,020,590	653,601	-	-
Finished goods	2,779,562	3,246,505	-	-
Engineering stocks and consumables	1,041,501	1,189,074	-	-
	<u>7,410,783</u>	<u>7,374,328</u>	<u>-</u>	<u>-</u>

### 11 DEBTORS: Amounts falling due within one year

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Trade debtors	1,802,339	2,588,910	-	-
Amounts owed by subsidiaries	-	-	6,325,903	6,464,741
Taxes recoverable	44,847	19,258	26,220	-
Deferred tax (note 15)	126,919	107,065	210,000	210,000
Other debtors	539,103	594,435	126,257	103,997
Prepayments and accrued income	100,013	138,845	14,908	18,595
	<u>2,613,221</u>	<u>3,448,513</u>	<u>6,703,288</u>	<u>6,797,333</u>

# Ralph Martindale and Company Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st December 2014

### 12 CREDITORS: Amounts falling due within one year

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Bank loans (see note 14)	1,157,645	904,345	550,000	750,000
Bank overdrafts	2,720,086	2,887,975	2,692,188	2,871,654
Trade creditors	1,292,294	1,238,781	8,768	25,149
Amount owed to subsidiary undertakings	-	-	2,725,137	2,532,487
Corporation tax	631,307	494,108	-	26,220
Other taxes and social security	53,729	58,930	32,772	31,288
Other creditors	1,150,136	1,639,554	-	-
Accruals and deferred income	369,650	312,888	79,313	52,492
	<u>7,374,847</u>	<u>7,536,581</u>	<u>6,088,178</u>	<u>6,289,290</u>

Bank loans and overdrafts are secured on the group's UK freehold properties and certain overseas property and assets within the group.

The corporation tax creditor includes a total provision of £550,592 (2013: £401,862) relating to overseas withholding tax.

### 13 CREDITORS: Amounts falling due after one year

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Bank loans (see note 14)	402,441	538,717	-	-
5% cumulative preference shares of £1 each	15,000	15,000	15,000	15,000
15% cumulative preference shares of £1 each	296,076	296,076	296,076	296,076
	<u>713,517</u>	<u>849,793</u>	<u>311,076</u>	<u>311,076</u>

# Ralph Martindale and Company Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st December 2014

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### 13 CREDITORS: Amounts falling due after one year (continued)

#### RIGHTS OF NON-EQUITY INTERESTS

##### 5% CUMULATIVE PREFERENCE SHARES OF £1 EACH

- i Holders are entitled (in priority to all other classes of shares) to a fixed cumulative preferential dividend at the rate of 5p per share per annum payable on 1st June and 1st December in each year.
- ii In the event of a winding up holders are entitled in priority to all other classes of shares to a repayment of capital and arrears of dividends.
- iii The holders have no rights to vote unless the dividend is six months in arrears or the business of the meeting includes resolutions, reducing the capital of the company, altering the regulations of the company, winding up the company or varying the rights or privileges attached to the 5% cumulative preference shares.

##### 15% CUMULATIVE PREFERENCE SHARES OF £1 EACH

- i Holders are entitled (subject to the prior rights of the 5% cumulative preference shares) to a fixed cumulative preferential dividend at the rate of 15p per share per annum payable on 1st June and 1st December in each year.
- ii In the event of a winding up holders are entitled (subject to the prior rights of the 5% cumulative preference shares) to a repayment of capital and arrears of dividends plus a sum of 20p per share.
- iii The holders have no rights to vote unless the dividend is six months in arrears or the business of the meeting includes resolutions, reducing the capital of the company, altering the regulations of the company, winding up the company or varying the rights or privileges attached to the 15% cumulative preference shares.

### 14 BANK LOANS

The bank loan repayments to which the group is committed fall due as follows:

	Group 2014 £	Group 2013 £
In one year or less	1,157,645	904,345
Between one and two years	167,385	147,109
Between two and five years	235,056	391,608
	<hr/>	<hr/>
	1,560,086	1,443,062
	<hr/>	<hr/>

The bank loans relate to a mortgage on the Chillington Tool (Thailand) Company Limited property, and loans undertaken by Ralph Martindale and Company Limited and Crocodile Matchets (Ghana) Limited. All loans are secured.

Interest on the Ralph Martindale and Company Limited loan is charged at 3.15% above LIBOR. Interest on the Chillington Tool (Thailand) Company Limited loan is charged at rates between Thai minimum lending rate and 1% below Thai minimum lending rate. Interest on the Crocodile Matchets (Ghana) Limited loan is charged at a margin above the Bank of Ghana base rate.



# Ralph Martindale and Company Limited

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31st December 2014

#### 15 PROVISION FOR LIABILITIES AND CHARGES

	Deferred taxation £
GROUP	
1 <sup>st</sup> January, 2014	(107,065)
Profit and loss account	(30,594)
Exchange adjustments	10,740
	<hr/>
31 <sup>st</sup> December, 2014	(126,919)
	<hr/>
Analysed as:	
Deferred tax	
Provision – UK (subsidiary)	138,792
Asset – UK (company) – (Note 11)	(210,000)
Asset – UK (subsidiary)	(26,678)
	<hr/>
- Asset – UK	(97,886)
- Asset – Overseas	(29,033)
	<hr/>
Total (note 11)	(126,919)
	<hr/>
The provision for deferred taxation comprises:	£
The excess of tax allowances over depreciation	143,537
Other timing differences	(33,778)
Provision for utilisation of tax losses	(236,678)
	<hr/>
	(126,919)
	<hr/>

16 CALLED UP SHARE CAPITAL	2014		2013	
	Number of shares	£	Number of shares	£
Authorised:				
Ordinary shares of £1 each (equity)	3,686,424	3,686,424	3,686,424	3,686,424
	<hr/>	<hr/>	<hr/>	<hr/>
Allotted, called up and fully paid:				
Ordinary shares of £1 each	3,575,912	3,575,912	3,575,712	3,575,712
	<hr/>	<hr/>	<hr/>	<hr/>

During the year, the company issued 200 £1 ordinary shares at nominal value for cash.

# Ralph Martindale and Company Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st December 2014

17	RESERVES	Profit and loss account £	Revaluation reserve £
	GROUP		
	31 <sup>st</sup> December, 2013	6,568,965	1,204,494
	Loss for the financial year	(215,081)	-
	Transfer to profit and loss account	6,203	(6,203)
	Revaluation in the year	-	771,819
	Exchange adjustments	53,550	(168,526)
	Pension scheme actuarial loss recognised in Statement of Total Recognised Gains and Losses	(316,000)	-
		<hr/>	<hr/>
	31 <sup>st</sup> December, 2014	6,097,637	1,801,584
		<hr/>	<hr/>
		2014 £	2013 £
	Profit and loss reserve		
	Profit and loss reserve excluding net pension liability	6,921,637	7,233,965
	Net pension liability	(824,000)	(665,000)
		<hr/>	<hr/>
	Profit and loss reserve	6,097,637	6,568,965
		<hr/>	<hr/>
	COMPANY		Profit and loss Account £
	31 <sup>st</sup> December, 2013		509,614
	Profit for the year		214,803
	Pension scheme actuarial loss recognised in Statement of Total Recognised Gains and Losses		(316,000)
			<hr/>
	31 <sup>st</sup> December, 2014		408,417
			<hr/>
		2014 £	2013 £
	Profit and loss reserve		
	Profit and loss reserve excluding net pension liability	1,232,417	1,174,614
	Net pension liability	(824,000)	(665,000)
		<hr/>	<hr/>
	Profit and loss reserve	408,417	509,614
		<hr/>	<hr/>

# Ralph Martindale and Company Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st December 2014

18	RECONCILIATION OF SHAREHOLDERS' FUNDS	2014 £	2013 £
	(Loss)/profit for the financial year	(215,081)	198,581
	Revaluation in the year	771,819	-
	Ordinary shares issued during the year	200	-
	Exchange adjustments	(114,976)	(1,139,358)
	Pension scheme actuarial loss	(316,000)	(309,000)
	Dividends paid on Ordinary Shares	-	(71,514)
	Net movement in shareholders' funds	125,962	(1,321,291)
	Opening shareholders' funds	11,349,171	12,670,462
	Closing shareholders' funds	11,475,133	11,349,171
19	MINORITY INTERESTS GROUP		£
	31 <sup>st</sup> December, 2013		(414,003)
	Loss for the year		(127,503)
	Revaluation in the year		93,061
	Exchange adjustments		(17,394)
	31 <sup>st</sup> December, 2014		(465,839)
20	NOTES TO THE CASH FLOW STATEMENT	Year ended 31 <sup>st</sup> December, 2014 £	Year ended 31 <sup>st</sup> December, 2013 £
a	Reconciliation of operating profit to net cash flow from operating activities		
	Operating profit	216,801	286,895
	Depreciation charge	411,324	378,146
	(Increase)/decrease in stocks	(36,455)	300,949
	Decrease in debtors	880,735	1,137,123
	Decrease in creditors	(358,125)	(1,233,477)
	Exchange movements	21,104	(387,974)
	Movement in FRS17 pensions provision	(129,000)	(163,000)
	Profit on disposal of fixed assets	-	(4,136)
	Net cash flow from operating activities	1,006,384	314,526

# Ralph Martindale and Company Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st December 2014

### 20 NOTES TO THE CASH FLOW STATEMENT (continued)

	At 1 <sup>st</sup> January, 2014 £	Cash flows £	Exchange movement £	Net cash movement in year £	At 31 <sup>st</sup> December, 2014 £
b Analysis of movement in net debt					
Cash in hand and at bank	420,771	(272,580)	(910)	(273,490)	147,281
Bank overdrafts	(2,887,975)	30,626	137,263	167,889	(2,720,086)
	<u>(2,467,204)</u>	<u>(241,954)</u>	<u>136,353</u>	<u>(105,601)</u>	<u>(2,572,805)</u>
Debt due within one year	(904,345)	(246,017)	(7,283)	(253,300)	(1,157,645)
Debt due after one year	(849,793)	168,665	(32,389)	136,276	(713,517)
	<u>(4,221,342)</u>	<u>(319,306)</u>	<u>96,681</u>	<u>(222,625)</u>	<u>(4,443,967)</u>

### 21 PENSION COSTS

The total pension cost for the group was £148,868 (2013: £155,695).

The group operates a pension scheme of the defined benefit type. The assets of the scheme relating to UK employees are held in separate trustee administered funds managed by Legal & General Assurance Society Limited. The scheme involves provision of a pension and life cover for three times pensionable earnings.

The agreed contribution rate is 22.0% of pensionable earnings, inclusive of members' contributions, and £12,197 payable monthly by the company until 31<sup>st</sup> March, 2020.

# Ralph Martindale and Company Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st December 2014

### 21 PENSION COSTS (continued)

The pension cost is assessed every three years in accordance with the advice of a qualified independent actuary. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

Latest actuarial valuation	1 <sup>st</sup> April, 2012
Actuarial method	Projected unit
Pre-retirement investment yield per annum	5.2%
Post-retirement investment yield per annum	4.3%
Members' pensionable earnings increase per annum	3.4%
Increase in Retail Price Index (RPI) per annum	2.9%
Discretionary increases in pensions in course of payment per annum	0.0%
Market value of assets at date of last valuation	£5,313,895
Proportion of members' accrued benefits covered by the actuarial value of the assets	88%

### FINANCIAL REPORTING STANDARD 17 (FRS17)

The following information is based upon a full actuarial valuation of the fund at 1<sup>st</sup> April, 2012 updated to 31<sup>st</sup> December, 2014 by a qualified independent actuary. The major assumptions used by the actuary were:

	At 31 <sup>st</sup> December, 2014	At 31 <sup>st</sup> December, 2013	At 31 <sup>st</sup> December, 2012
Rate of increase in salaries	3.06%	3.4%	2.7%
Rate of increase in pensions in payment	2.9%	3.4%	2.7%
Discount rate	3.41%	4.4%	4.4%
Inflation assumption	3.06%	3.4%	2.7%
Expected future lifetime for a member retiring at age 65 at the accounting date			
- male (years)	22.8	23.0	22.4
- female (years)	24.4	24.8	25.4
Future expectation of life at retirement for a member retiring at age 65 in 20 years time			
- male (years)	24.9	25.3	23.5
- female (years)	25.9	26.7	26.5

### Main categories of plan assets:

	2014 £'000	Expected return 2014 %pa	2013 £'000	Expected return 2013 %pa
Bonds	2,327	4.4%	2,071	4.4%
Equities	3,659	7.6%	3,853	7.6%
Cash	300	0.5%	321	0.5%
Annuities	1,629	4.4%	1,801	4.4%
Total fair value of assets	7,915	5.8%	8,046	5.8%

# Ralph Martindale and Company Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st December 2014

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### 21 PENSION COSTS (continued)

THE CHANGE IN THE FAIR VALUE OF THE SCHEME'S ASSETS IN THE YEAR IS ANALYSED BELOW:	2014 £'000	2013 £'000
Fair value of assets at 1 <sup>st</sup> January, 2014	8,046	7,492
Expected return on assets	440	383
Gain on asset return	155	293
Actuarial loss	(248)	(148)
Employer contributions	176	209
Employee contributions	17	17
Expenses paid by scheme	(16)	(18)
Benefits paid	(655)	(182)
	<hr/>	<hr/>
Fair value of assets at 31 <sup>st</sup> December, 2014	7,915	8,046
	<hr/>	<hr/>
THE CHANGE IN THE VALUE OF THE SCHEME'S LIABILITIES IN THE YEAR IS ANALYSED BELOW:	2014 £'000	2013 £'000
Value of liabilities at 1 <sup>st</sup> January, 2014	8,877	8,202
Current accrual cost	48	45
Interest cost	373	356
Actuarial loss	302	456
Benefits paid	(655)	(182)
	<hr/>	<hr/>
Value of liabilities at 31 <sup>st</sup> December, 2014	8,945	8,877
	<hr/>	<hr/>

# Ralph Martindale and Company Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st December 2014

### 21 PENSION COSTS (continued)

HISTORY OF SCHEME ASSETS, LIABILITIES AND SCHEME DEFICITS	31 <sup>st</sup> December, 2014 £'000	31 <sup>st</sup> December, 2013 £'000	31 <sup>st</sup> December, 2012 £'000	31 <sup>st</sup> December, 2011 £'000	31 <sup>st</sup> December, 2010 £'000
Fair value of assets	7,915	8,046	7,492	6,998	6,768
Value of liabilities	(8,945)	(8,877)	(8,202)	(7,877)	(7,110)
Deficit in the scheme	(1,030)	(831)	(710)	(879)	(342)
Related deferred tax asset	206	166	163	220	96
Net pension liability	(824)	(665)	(547)	(659)	(246)
Difference between the expected and actual return on scheme assets	155	293	154	(240)	242
Experience gains and losses on scheme liabilities	84	(93)	(14)	(41)	29

#### ANALYSIS OF THE AMOUNT CREDITED TO OPERATING PROFIT

	Year ended 31 <sup>st</sup> December, 2014 £'000	Year ended 31 <sup>st</sup> December, 2013 £'000
Employer contributions (net of charges)	160	191
Current service cost	(31)	(28)
Net credit	129	163

#### ANALYSIS OF THE AMOUNT CREDITED TO INVESTMENT INCOME

	Year ended 31 <sup>st</sup> December, 2014 £'000	Year ended 31 <sup>st</sup> December, 2013 £'000
Expected return on pension scheme assets	440	383
Interest on pension scheme liabilities	(373)	(356)
Net credit	67	27

# Ralph Martindale and Company Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st December 2014

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### 21 PENSION COSTS (continued)

ANALYSIS OF THE AMOUNT RECOGNISED IN STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES (STRGL)	Year ended 31 <sup>st</sup> December, 2014 £'000	Year ended 31 <sup>st</sup> December, 2013 £'000
Actuarial return less expected return on pension scheme assets	155	293
Experience gains and losses arising on the scheme liabilities	84	(93)
Changes in assumptions underlying the present value of the scheme liabilities	(634)	(511)
	<hr/>	<hr/>
	(395)	(311)
Deferred tax movement in respect of actuarial loss	79	2
	<hr/>	<hr/>
Actuarial loss recognised in STRGL	(316)	(309)
	<hr/>	<hr/>

The expected rate of return on scheme assets is based on long-term expectations calculated by a qualified independent actuary. The actual return on scheme assets is more than the expected return by approximately £155,000 (2013: £293,000). This difference is equivalent to 2.0% (2013: 3.6%) of the value of the scheme assets at the end of the accounting period.

The cumulative net actuarial loss recognised in the Statements of Total Recognised Gains and Losses at 31<sup>st</sup> December, 2014 is £1,624,000 (2013: £1,308,000).

Based on the current Schedule of Contributions and pensionable salaries at 6<sup>th</sup> April, 2014 the estimated expected contributions to be paid to the scheme for the year ended 31<sup>st</sup> December, 2015 is £192,000 (2014: £190,000) excluding employees contributions.

### 22 GUARANTEES AND OTHER FINANCIAL COMMITMENTS

There is a composite banking agreement between the company, its U.K. subsidiaries and Barclays Bank plc.

Ralph Martindale and Company Limited has provided a guarantee to a Thai bank in respect of an additional finance facility obtained by The Chillington Tool (Thailand) Company Limited. The guarantee covers up to Baht 20 million, or £390,472 at the year end closing rate.

Ralph Martindale and Company Limited has also provided a letter of comfort to a bank in Ghana in respect of finance facilities used by Crocodile Matchets (Ghana) Limited.



# Ralph Martindale and Company Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st December 2014

### 22 GUARANTEES AND OTHER FINANCIAL COMMITMENTS (continued)

#### OPERATING LEASES - GROUP

Financial commitments under non-cancellable operating leases will result in the following payments falling due in the year to 31<sup>st</sup> December, 2015.

	2014	2013
	Motor Vehicles £	Motor Vehicles £
Expiring		
Within one year	2,312	2,783
Within one to five years	-	3,960
	<u>2,312</u>	<u>6,743</u>

#### OPERATING LEASES – COMPANY

Financial commitments under non-cancellable operating leases will result in the following payments falling due in the year to 31<sup>st</sup> December, 2015.

	2014	2013
	Motor vehicles £	Motor vehicles £
Expiring		
Within one year	1,652	2,466
Within one to five years	-	-
	<u>1,652</u>	<u>2,466</u>

### 23 RELATED PARTY TRANSACTIONS

The company claims exemption under Financial Reporting Standard No. 8 from disclosing related party transactions between group companies on the basis that consolidated accounts are prepared.

Ordinary share dividends amounting to £Nil (2013: £3,192), and preference share dividends amounting to £705 (2013: £697) were paid to directors of the company and connected persons during the year.

### 24 CAPITAL COMMITMENTS

At 31<sup>st</sup> December, 2014 the group had capital commitments of £15,225 (2013: £Nil).

### 25 POST BALANCE SHEET EVENT

The Group's UK Region trading company, Ralph Martindale (England) Limited has historically supplied hot-rolled steel sections to fellow subsidiary companies overseas. During March 2015, a decision was formally made for Ralph Martindale (England) Limited to cease production of steel products in favour of securing less expensive steel sourced elsewhere. Ralph Martindale (England) Limited will continue to trade, and will supply fellow subsidiary companies as before. Certain restructuring costs arising from this decision will be incurred in 2015, however, it is not possible to accurately state these costs at this time.