

Adare Limited

Directors' report and
financial statements

Year ended 31 October 2014

Registered number: 2814431

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Adare Limited

Directors' report and financial statements

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Adare Limited

Directors and other information

Directors

B. Crich
R. Whiteside
K. Herbert

Secretary

Marrons Consultancies Limited

Registered office

1 Meridian South
Meridian Business Park
Leicester
LE19 1WY

Solicitors

Shakespeares Solicitors
Two Colton Square
Leicester
LE1 1QH

Principal bankers

HSB Bank plc
City Branch
33 Park Row
Leeds
LS1 1LD

Auditor

KPMG
Chartered Accountants
1 Stokes Place
St. Stephen's Green
Dublin 2
Ireland

Adare Limited

Strategic report

The Strategic report for the company for the year ended 31 October 2014 is set out below.

Principal activity and review of the development of the business

The company is engaged in end-to-end, technology led Essential Communications solutions that enable clients to control cost, quality and efficiency of their printed and electronic communications. The directors believe that the company has performed satisfactorily in the year with turnover increasing by 4% to £50.9m and profit on ordinary activities before taxation increasing by 16% to £6.1m. Three of the key performance indicators ('KPIs') used by the directors to monitor the performance of the business are sales and profitability reports, monitoring of cash levels and careful management of aged debtors. These KPIs are reviewed and managed on an ongoing basis by the directors and management team. Furthermore, the directors believe that the company continues to be well placed to meet the opportunities that may arise in the future.

Principal risks and uncertainties

The directors consider that the principal risks and uncertainties facing the company are as follows:

Economic risk

- The risk of increased interest rates and or inflation having an adverse impact on served markets; and
- The risk of unrealistic increases in wages or infrastructural costs impacting adversely on competitiveness of the company and its principal customers.

These risks are managed by the use of alternative sourcing of products and services and strict control of costs.

Competition risk

The directors of the company manage competition risk through close attention to customer service levels.

Financial risk

The company has budgetary and financial reporting procedures, supported by appropriate key performance indicators, to manage credit, liquidity and other financial risk.

Key performance indicators

Key performance indicators which are focused on by management include:

- daily sales/gross profit reports analysed by division, salesperson and product;
- daily cash/bank reports;
- monthly management accounts showing divisional trading results, detailed overhead expenses, balance sheet and cash flow reports;
- monthly variance reports analysing sales, gross profit, expenses and cash flow variances; and
- monthly aged debtor reports analysed by division.

Adare Limited

Strategic report *(continued)*

Key performance indicators *(continued)*

Each of these indicators is monitored by management against trading and cash flow budgets which are prepared every six months. The indicators are also monitored against prior periods. Half yearly product reviews with principal suppliers are attended by management.

On behalf of the board



K. Herbert
Director

30 January 2015

Adare Limited

Directors' report

The directors present their report and the audited financial statements of the company for the year ended 31 October 2014.

Results and dividends

The profit for the year after taxation, attributable to shareholders amounted to £5,286,000 (2013: £4,253,000). The directors do not recommend the payment of a dividend in respect of the financial year (2013: £Nil).

Post balance sheet events

There have been no significant events affecting the company since 31 October 2014 which would require disclosure in or amendment to the financial statements.

Directors and their interests

The directors of the company at 31 October 2014 are as listed on page 1.

R. Whiteside and K. Herbert were directors of the company's ultimate parent undertaking, Mavisbank Limited, at 31 October 2014 and 31 October 2013, and their interests are disclosed in that company's financial statements.

The interests of the other director and the company secretary in office at 31 October 2014 and 31 October 2013, including interests of their spouses and minor children, in the share capital and loan notes of the company/other group companies were:

<i>Name of director</i>	<i>Name of Company</i>	<i>Description of Instrument</i>	<i>2014 Number</i>	<i>2013 Number</i>
B. Crich	Mavisbank Limited	C2 Ordinary Shares of £0.01 each	1,204	1,204
		D Ordinary Shares of £0.01 each	746	746
		B Preferred Ordinary Shares of £0.10 each	37,500	37,500
		C Preferred Ordinary Shares of £0.01 each	212,500	212,500

There are no other interests requiring disclosure under the Companies Act, 2006.

Adare Limited

Directors' report *(continued)*

Employees

The directors give special attention to the health and safety of their employees and endeavour to ensure that as far as possible the training, career development and promotion of disabled persons is the same as other employees. Should employees become disabled, every effort is made to ensure that their employment continues and appropriate retraining is provided. Consultation with employees and good industrial relations are actively promoted through comprehensive and agreed procedures.

Disclosure of information to auditor

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act, 2006, the auditor will be deemed to be reappointed and KPMG, Chartered Accountants, will therefore continue in office.

On behalf of the board

K. Herbert
Director

30 January 2015

Adare Limited

Statement of directors' responsibilities in respect of the Strategic Report, Directors' Report and the financial statements

The directors are responsible for preparing the Strategic Report, 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 UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act, 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

On behalf of the board



K. Herbert
Director



KPMG
Audit
1 Stoke's Place
St. Stephen's Green
Dublin 2
Ireland

Independent auditor's report to the members of Adare Limited

We have audited the financial statements of Adare Limited for the year ended 31 October 2014 set out on pages 9 to 28 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 explained more fully in the Directors' Responsibilities Statement on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non financial information in the strategic and directors' reports to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 October 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act, 2006.



Independent auditor's report to the members of Adare Limited *(continued)*

Opinion on other matter prescribed by the Companies Act, 2006

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

Tom McEvoy (Senior Statutory Auditor)
for and on behalf of KPMG, Statutory Auditor
Chartered Accountants
1 Stokes Place
St. Stephen's Green
Dublin 2
Ireland

30 January 2015

Adare Limited

Statement of accounting policies

for the year ended 31 October 2014

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with generally accepted accounting principles under the historical cost convention and comply with financial reporting standards of the Financial Reporting Council as promulgated by the Institute of Chartered Accountants in England and Wales.

Cash flow statement

The company has availed of the exemption available in FRS 1 - *Cash Flow Statements (Revised)*, not to present a cash flow statement as it is a wholly owned subsidiary undertaking of Mavisbank Limited, a company incorporated in England which prepares a consolidated cash flow statement which includes the cash flows of this company.

Turnover

Turnover represents the fair value of goods excluding Value Added Tax, delivered to or collected by third party customers in the year. Goods are deemed to have been delivered to customers, when the customer has access to the significant benefits inherent in the goods and exposure to the risks inherent in those benefits.

Stocks

Stocks are valued at the lower of cost including a proportion of the appropriate manufacturing overheads, and net realisable value. Net realisable value comprises the actual or estimated selling price (net of trade discounts) less all other further costs to be incurred in marketing, selling and distribution.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided to write off the cost of the assets over their expected useful lives at the following annual rates:

Freehold buildings	-	2%
Improvements to freehold buildings	-	4% to 10%
Plant and machinery	-	10% to 20%
Equipment	-	10% to 30%

Freehold land is not depreciated.

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Adare Limited

Statement of accounting policies *(continued)*

Taxation

Corporation tax is calculated based on the taxable profits for the year. 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, or a right to pay less tax in the future have occurred at the balance sheet date, with the following exceptions:

- provision is made for gains on disposal of fixed assets that have been rolled over into replacement assets only where, at the balance sheet date, there is a commitment to dispose of the replacement assets.
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted.

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

Leasing and hire purchase arrangements

Assets held under finance leases are capitalised in the balance sheet at their equivalent capital value and are depreciated over the shorter of the lease term and their useful lives. Assets held under hire purchase agreements are capitalised in the balance sheet at their equivalent capital value and are depreciated over their useful lives. The corresponding liabilities are recorded as a creditor and the interest element of the finance lease/hire purchase agreement is charged to the profit and loss account on an annuity basis.

Rent payable in respect of assets held under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Pensions

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. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

The company also provides pensions to certain employees through a separately administered defined benefit pension scheme, which is closed to future accrual. Pension scheme assets are measured using market values. For quoted securities, the current bid price is taken as market value. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in scheme surplus/deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses.

Adare Limited

Profit and loss account for the year ended 31 October 2014

	<i>Note</i>	2014 £'000	2013 £'000
Turnover – continuing operations	1	50,893	48,978
Cost of sales		(40,333)	(38,326)
		<hr/>	<hr/>
Gross profit		10,560	10,652
Net operating expenses		(7,116)	(7,497)
		<hr/>	<hr/>
Operating profit – continuing operations	2	3,444	3,155
Profit on disposal of tangible fixed assets		10	29
Net interest receivable and similar income	3	2,663	2,100
		<hr/>	<hr/>
Profit on ordinary activities before taxation		6,117	5,284
Tax on profit on ordinary activities	6	(831)	(1,031)
		<hr/>	<hr/>
Profit retained for the financial year	13(b)	5,286	4,253
		<hr/>	<hr/>

On behalf of the board



K. Herbert
Director

Adare Limited

Statement of total recognised gains and losses for the year ended 31 October 2014

	<i>Note</i>	2014 £'000	2013 £'000
Profit for the financial year		5,286	4,253
Actuarial loss on post employment pension scheme	<i>18</i>	(1,238)	(786)
Movement on deferred tax arising thereon		255	172
		<hr/>	<hr/>
Total recognised gains and losses relating to the year		4,303	3,639
		<hr/>	<hr/>

Adare Limited

Balance sheet

as at 31 October 2014

	<i>Note</i>	2014 £'000	2013 £'000
Fixed assets			
Tangible assets	7	4,189	4,277
Current assets			
Stocks	8	1,067	1,280
Debtors (including £44,948,000 (2013: £35,794,000) due after more than one year)	9	51,183	43,113
Cash at bank and in hand		380	1,165
Creditors: amounts falling due within one year	10	52,630 (13,147)	45,558 (10,825)
Net current assets		39,483	34,733
Total assets less current liabilities		43,672	39,010
Net assets excluding pension liabilities		43,672	39,010
Pension liability (net of deferred taxation)	18	(1,157)	(798)
Net assets		42,515	38,212
Capital and reserves			
Called up share capital	12	-	-
Capital reserve	14	896	896
Profit and loss account	13	41,619	37,316
Shareholders' funds	13	42,515	38,212

On behalf of the board



K. Herbert
Director

Adare Limited

Notes

forming part of the financial statements

1 Turnover

The company is engaged in end-to-end essential communications solutions (transactional mail, direct marketing and print management). All of the company's turnover is derived from its operations which are located in the United Kingdom. A geographical analysis of turnover by destination is given below:

	2014 £'000	2013 £'000
United Kingdom	50,893	48,978

A segmental analysis of turnover by line of business, and operating profit and net assets by geographical area and line of business has not been provided as, in the opinion of the directors, such disclosure would be prejudicial to the interest of the company.

2 Operating profit

	2014 £'000	2013 £'000
This is stated after charging:		
Directors' emoluments (see note 4)	230	220
Auditor's remuneration – audit services	22	25
Management charges	574	647
Depreciation:		
- owned assets	1,015	1,049
- leased assets	-	421
Hire of plant and machinery:		
- rentals payable under operating leases	637	186

3 Net interest (receivable)/payable and similar (income)/charges

	2014 £'000	2013 £'000
On finance leases/hire purchase arrangements	-	22
Interest on pension scheme liabilities	1,223	1,118
Expected return on pension scheme assets	(1,428)	(1,141)
Interest receivable from group undertakings	(2,465)	(2,099)
Other interest	7	-
Net interest receivable and similar income	(2,663)	(2,100)

Adare Limited

Notes (continued)

4 Directors' emoluments	2014 £'000	2013 £'000
Salaries	217	208
Pension contributions	13	12
	<hr/>	<hr/>
	230	220
	<hr/>	<hr/>

Fees and other emoluments (excluding pension contributions) include amounts paid to:

	2014 £'000	2013 £'000
The highest paid director	217	208
	<hr/>	<hr/>

5 Employees

The average number of employees during the year analysed by function, comprised:

	2014 Number	2013 Number
Production	193	177
Administration	124	134
	<hr/>	<hr/>
	317	311
	<hr/>	<hr/>

The aggregate payroll cost of these persons was as follows:

	2014 £'000	2013 £'000
Wages and salaries	8,728	8,787
Social security costs	870	861
Pension costs:		
Defined contribution	185	185
	<hr/>	<hr/>
	9,783	9,833
	<hr/>	<hr/>

Adare Limited

Notes (continued)

6 Tax on profit on ordinary activities

(a) Analysis of charge in year	2014 £'000	2013 £'000
<i>Current tax:</i>		
UK corporation tax charge for the year	547	814
Adjustment in respect of prior years	(21)	317
	<hr/>	<hr/>
	526	1,131
<i>Deferred tax:</i>		
Origination and reversal of timing differences (note 11(a))	111	(178)
Adjustment in respect of prior years (note 11(a))	16	(286)
Deferred tax related to pension scheme (note 11(b))	187	142
Impact of change in tax rates (note 11(a))	(9)	222
	<hr/>	<hr/>
Tax charge on profit on ordinary activities	831	1,031
	<hr/>	<hr/>

Adare Limited

Notes (continued)

6 Tax on profit on ordinary activities (continued)

(b) Factors affecting current tax charge in year

The tax assessed for the year is lower (2013: lower) than the standard rate of corporation tax in the United Kingdom. The differences are explained below:

	2014 £'000	2013 £'000
Profit on ordinary activities before tax	6,117	5,284
Profit on ordinary activities multiplied by the standard rate of corporation tax of 21.83% (2013: 23.41%)	1,335	1,237
<i>Effects of:</i>		
Expenses not deductible for taxation purposes	(547)	(462)
Capital allowances in excess of depreciation	(103)	165
Other timing differences	(138)	(126)
Adjustment in respect of prior years	(21)	317
Current tax charge for year (note 6 (a))	526	1,131

(c) Factors affecting future tax charges

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 October 2014 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

Adare Limited

Notes (continued)

7 Tangible assets

	Capital in progress	Freehold land and buildings £'000	Plant and machinery £'000	Equipment £'000	Total £'000
Cost:					
At 31 October 2013	319	3,639	10,189	1,791	15,938
Additions	50	81	649	147	927
Disposals	-	-	(2,548)	(27)	(2,575)
At 31 October 2014	369	3,720	8,290	1,911	14,290
Accumulated depreciation:					
At 31 October 2013	-	1,489	8,986	1,186	11,661
Charge for year	-	91	659	265	1,015
Disposals	-	-	(2,548)	(27)	(2,575)
At 31 October 2014	-	1,580	7,097	1,424	10,101
Net book value:					
At 31 October 2014	369	2,140	1,193	487	4,189
At 31 October 2013	319	2,150	1,203	605	4,277

The net book value of plant and machinery at 31 October 2014, acquired under finance leases/hire purchase arrangements, was £Nil (2013: £Nil). Depreciation charged on such assets in the year ended 31 October 2014 was £Nil (2013: £421,000).

8 Stocks

	2014 £'000	2013 £'000
Raw materials	206	128
Work in progress	144	197
Finished goods	717	955
	1,067	1,280

In the opinion of the directors, the replacement cost of stocks at 31 October 2014, is not materially different to the carrying value as stated above.

Adare Limited

Notes (continued)

9 Debtors	2014	2013
	£'000	£'000
Amounts falling due within one year:		
Trade debtors	5,753	6,617
Amounts owed by group undertakings	81	58
Other debtors	167	392
Prepayments and accrued income	234	252
	<hr/>	<hr/>
	6,235	7,319
Amounts falling due after one year:		
Amounts owed by group undertakings	43,756	34,484
Deferred tax asset (note 11)	1,192	1,310
	<hr/>	<hr/>
	51,183	43,113
	<hr/>	<hr/>
10 Creditors: amounts falling due within one year	2014	2013
	£'000	£'000
Trade creditors	5,631	6,430
Amounts owed to parent undertaking	1,498	1,210
Other creditors	40	36
Corporation tax	547	814
Other taxes and social security	1,607	1,441
Accruals and deferred income	864	894
Invoice financing facility	2,960	-
	<hr/>	<hr/>
	13,147	10,825
	<hr/>	<hr/>

Adare Limited

Notes (continued)

11	Deferred Tax	2014 £'000	2013 £'000
(a)	Deferred tax asset		
	At beginning of year	1,310	1,068
	Adjustment in respect of prior year (note 6)	(16)	286
	Charged in year (note 6)	(102)	(44)
		<hr/>	<hr/>
	At end of year (note 9)	1,192	1,310
		<hr/>	<hr/>
	<i>Deferred tax assets arise as follows:</i>		
	Capital allowances	1,173	1,284
	Other timing differences	19	26
		<hr/>	<hr/>
	At end of year	1,192	1,310
		<hr/>	<hr/>

(b) Deferred tax asset related to post employment benefits

The movement on the deferred tax asset related to the post employment liabilities in the balance sheet and which was netted against the liability to which it related (note 18), is as follows:

	2014 £'000
Deferred tax asset at 31 October 2013	239
Charge to profit and loss account (note 6)	(187)
Credit to statement of total recognised gains and losses	255
	<hr/>
Deferred tax asset at 31 October 2014	307
	<hr/>

Adare Limited

Notes (continued)

12	Called up share capital		2014	2013
			£'000	£'000
	<i>Allotted, called up and fully paid</i>			
	2 ordinary shares of £1 each		-	-
			<hr/>	<hr/>
13	Reconciliation of shareholders' funds and movements on reserves			
		<i>Notes</i>	2014	2013
			£'000	£'000
(a)	Opening shareholders' funds		38,212	34,573
	Total recognised gains and losses for the financial year		4,303	3,639
			<hr/>	<hr/>
	Closing shareholders' funds		42,515	38,212
			<hr/>	<hr/>
(b)	Profit and loss account at beginning of year		37,316	33,677
	Profit for the financial year		5,286	4,253
	Actuarial loss on post employment pension scheme	<i>18</i>	(1,238)	(786)
	Movement on deferred tax arising thereon	<i>11(b)</i>	255	172
			<hr/>	<hr/>
	Profit and loss account at end of year		41,619	37,316
			<hr/>	<hr/>
14	Capital reserve			
			2014	2013
			£'000	£'000
	At beginning and end of year		896	896
			<hr/>	<hr/>

Adare Limited

Notes (continued)

15 Lease commitments

Annual commitments under operating leases are as follows:

	2014 £'000	2013 £'000
Leases expiring:		
Within one year	22	59
Between one and two years	52	65
Between two and five years	469	12
	<hr/>	<hr/>
	543	136
	<hr/>	<hr/>

16 Capital commitments

Future capital expenditure approved by the directors but not provided for in these financial statements is as follows:

	2014 £'000	2013 £'000
Contracted	76	168
	<hr/>	<hr/>

17 Bank security

The bank loans and overdrafts of the Mavisbank Limited group are secured by way of:

- A first debenture from certain group undertakings (including Adare Limited) comprising a legal charge over properties owned by the Mavisbank Limited group and a floating charge over all of the assets of such undertakings together with intergroup guarantees from certain group undertakings (including Adare Limited); and

In relation to the Group's invoice financing facility:

- A charge over the book debts of certain trading subsidiary undertakings supported by cross guarantees from certain other group undertakings (including Adare Limited).

Adare Limited

Notes (continued)

18 Pensions

The company operates a defined contribution scheme to which the company makes contributions on behalf of employees. Contributions totalling £185,000 were paid to the scheme during the year ended 31 October 2014 (2013: £185,000). A balance of £37,036 (2013: £33,204) is included in creditors at the balance sheet date in respect of defined contribution pension liabilities.

The company also operates a defined benefit pension scheme, the assets of which are vested in independent trustees for the benefit of employees and their dependants. The contributions are based on the advice of a professionally qualified actuary employed by Xafinity Consulting.

The latest full actuarial valuation was carried out at April 2012. The valuations of the defined benefit scheme used for the purpose of FRS17 have been based on the most recent actuarial valuation as identified and updated by the independent actuaries to take account of the requirements of FRS 17 in order to assess the liabilities as at 31 October 2014. Scheme assets are stated at their market value at the balance sheet date.

The defined benefit pension scheme is now closed and current service costs are no longer accruing to current members. The company will continue to account for all future fluctuations in the value of the assets and liabilities of the scheme in accordance with FRS 17.

The company expects to contribute approximately £619,000 to its defined benefit pension scheme in the next financial year.

The financial assumptions used to calculate the retirement benefit liabilities under FRS 17 were as follows:

Valuation method	2014 Projected unit	2013 Projected unit	2012 Projected unit
Discount rate	4.10%	4.50%	4.50%
Inflation rate (RPI)	3.30%	3.40%	2.60%
Inflation rate (CPI)	2.30%	2.40%	1.60%
Increase to pension in payment (RPI based)	2.30%	2.40%	1.60%
Salary increases	N/A	N/A	N/A

In valuing the liabilities of the pension fund at 31 October 2014, mortality assumptions have been made as indicated below.

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65 year old to live for a number of years as follows:

Current pension aged 65: 23.9 (male), 26.3 (female)

Future retiree upon reaching 65 (in 20 years): 26.1 (male), 28.7 (female)

Adare Limited

Notes (continued)

18 Pensions (continued)

The assumptions used by the actuary are chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

The expected long term rates of return and market values of the assets of the scheme are as follows:

	2014	2013
Equities	5.60%	6.10%
Bonds	3.35%	3.75%
Cash	2.60%	3.10%
	£'000	£'000
Equities	19,052	18,990
Bonds	8,194	7,523
Cash	188	162
	<hr/>	<hr/>
Total market value of pension scheme assets	27,434	26,675
Present value of pension scheme liabilities	(28,898)	(27,712)
	<hr/>	<hr/>
Deficit in scheme	(1,464)	(1,037)
Related deferred tax asset	307	239
	<hr/>	<hr/>
Net pension liability	(1,157)	(798)
	<hr/>	<hr/>

The expected rates of return on plan assets is a blended average of projected 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. Bond returns are selected by reference to the yields on government and corporate debt.

Adare Limited

Notes (continued)

18 Pensions (continued)

Analysis of amount charged to operating profit:

	2014 £'000	2013 £'000
Current service costs	-	-
Total operating profit charge	-	-
<i>Analysis of amount credited/(charged) to other finance income/(costs)</i>		
Expected return on assets	1,428	1,141
Interest on pension scheme liabilities	(1,223)	(1,118)
Net finance credit	205	23

The income/(expense) is recognised in the following line items in the profit and loss account:

	2014 £'000	2013 £'000
Net interest (receivable)/payable and similar (income)/charges	205	23
<i>Included in statement of total recognised gains and losses</i>		
Differences between expected and actual return on assets	(190)	1,589
Effect of changes in actuarial assumptions underlying the present value of scheme liabilities	(1,048)	(2,375)
Actuarial loss in statement of total recognised gains and losses	(1,238)	(786)

Adare Limited

Notes (continued)

18 Pensions (continued)

Movements in assets and liabilities in the year

	2014 £'000	2013 £'000
Assets at beginning of year	26,675	24,605
Expected return on assets	1,428	1,141
Employer contributions	606	595
Benefits paid	(1,085)	(1,255)
Actuarial (loss)/gain on assets	(190)	1,589
	<hr/>	<hr/>
Assets at end of year	27,434	26,675
	<hr/>	<hr/>
	2014 £'000	2013 £'000
Obligations at beginning of year	27,712	25,474
Interest on pension obligations	1,223	1,118
Effect of changes in actuarial assumptions in relation to scheme liabilities	1,048	2,375
Benefits paid	(1,085)	(1,255)
	<hr/>	<hr/>
Obligations at end of year	28,898	27,712
	<hr/>	<hr/>
	2014 £'000	2013 £'000

History of actuarial gains and losses

Difference between expected and actual return on assets	(190)	1,589
<i>Expressed as a percentage of schemes assets</i>	<i>(0.7%)</i>	<i>6.0%</i>
Total actuarial losses recognised in statement of total recognised gains and losses	(1,238)	(786)
<i>Expressed as a percentage of schemes liabilities</i>	<i>4.3%</i>	<i>2.8%</i>

Cumulative actuarial losses reported in the consolidated statement of total recognised gains and losses for the year 2014 is £3,266,000 (2013: £2,028,000).

Adare Limited

Notes (continued)

18 Pensions (continued)

History of plans

Balance Sheet:

	2014 £'000	2013 £'000	2012 £'000
Present value of scheme liabilities	(28,898)	(27,712)	(25,474)
Fair value of scheme assets	27,434	26,675	24,605
Related deferred tax asset	307	239	209
	<hr/>	<hr/>	<hr/>
Deficit	(1,157)	(798)	(660)
	<hr/>	<hr/>	<hr/>

Experience adjustments:

	2014 £'000/%	2013 £'000/%	2012 £'000/%
Experience adjustments on scheme liabilities	-	-	(1,959)
(as a % of scheme liabilities)	-	-	7.69%
	<hr/>	<hr/>	<hr/>
Experience adjustments on scheme assets	(190)	1,589	490
(as a % of scheme assets)	(0.7%)	6.0%	1.99%
	<hr/>	<hr/>	<hr/>

Adare Limited

Notes (*continued*)

19 Ultimate parent undertaking

The company's immediate parent undertaking is Adare Group Limited and the company's ultimate parent undertaking is Mavisbank Limited. Each of these companies is incorporated in England and Wales.

The only consolidated financial statements in which the results of Adare Limited at 31 October 2014 are included is that of Mavisbank Limited. Copies of the consolidated financial statements of this company is filed at Companies House, Crown Way, Cardiff.

20 Related party transactions

Group undertakings

In accordance with FRS 8, the company has not disclosed its transactions with other group companies as its results are consolidated into the financial statements of its ultimate parent company which are publicly available.

Other

Lloyds Banking Group/Bank of Scotland plc ("LBG") was a 45% shareholder of the Mavisbank Limited group during the year, but not at year end. LBG was a customer of the company during the year ended 31 October 2013 but not during the year. The amount charged by the company to LBG in the year in respect of goods and services provided was £Nil (2013: £7,076,000). The amount owed by LBG to the company at 31 October 2014 was £Nil (2013: £457,000).

21 Post balance sheet events

No significant events affecting the company have occurred since 31 October 2014 which would require disclosure in, or adjustment to, the financial statements.

22 Approval of the financial statements

These financial statements were approved by the directors on 30 January 2015.