

Ralph Martindale (England) Limited

FINANCIAL STATEMENTS

for the year ended

31 December 2012



Ralph Martindale (England) Limited

DIRECTORS AND ADVISORS

DIRECTORS

Mr L Askey
Mr N W Ensor
Mr S Fox
Mr G Owen

SECRETARY

Mr S Fox

COMPANY NUMBER

3398001

REGISTERED OFFICE

Crocodile House
Strawberry Lane
Willenhall
West Midlands
WV13 3RS

AUDITORS

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

Ralph Martindale (England) Limited

DIRECTORS' REPORT

The directors submit their report and the financial statements of Ralph Martindale (England) Limited for the year ended 31 December 2012

PRINCIPAL ACTIVITIES

The principal activities of the company during the year were the manufacture of hot-rolled steel sections and the sale of agricultural tools

REVIEW OF THE BUSINESS

The company reported a decrease in turnover for the year primarily as a result of the transfer during 2011 of certain company sales functions, which had historically serviced the company's traditional overseas markets, to a fellow group subsidiary company in Asia. In addition, the decision to withdraw from the supply of hot-rolled steel sections to certain external domestic markets has also contributed to the fall in turnover. However, the level of demand for steel from fellow group subsidiary companies in Africa and Asia remained high throughout 2012, and the company continues to generate profits. The company is expected to be profitable in 2013.

RISKS AND UNCERTAINTIES

There are a number of risks and uncertainties which could impact adversely on the company's performance

Banking facility and cash flow

The ongoing provision of the necessary composite banking facilities to the company, and its parent company, is essential for the continued operation of the UK group companies.

Cash flow could be adversely affected by significant raw material price increases, or changes to supplier trading terms.

The company's bank position and cash flow requirements are monitored on a daily basis.

Raw material and energy prices

Any increase in steel and energy prices would have a negative impact on the company's performance, unless the company is able to pass on these additional costs to its customers.

Commercial Relationships

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

Pensions

The company contributes to a UK group pension scheme of the defined benefit type. The company's pension scheme obligation is calculated on the basis of actuarial assumptions, which are subject to changes in various factors outside the company's control, and which could lead to an increase or decrease in the deficit, the level of company contributions, and its compliance costs.

Ralph Martindale (England) Limited

DIRECTORS' REPORT (continued)

KEY PERFORMANCE INDICATORS

The Directors continuously review the strategic and financial progress of the company 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

Operating Margins

Operating margins are reviewed on a monthly basis, and the appropriate action is taken to maintain profitability. All costs, both direct and indirect, are reviewed on a regular basis

Cash Flow

The company's cash position is reviewed daily, and tight cash management is of paramount importance to the business

Non-financial KPIs

Health & Safety

Health and safety matters are reviewed on a regular basis to ensure that the company complies with the latest legislation

RESULTS FOR THE YEAR AND DIVIDENDS

The profit for the year before taxation, and after exceptional income of £477,765 arising from the group's sale of discontinued operations, amounted to £630,165 (2011 £283,929). The profit for the year after taxation amounted to £329,327 (2011 £198,801). A dividend of £500,000 (2011 £Nil) was paid during the year. The directors do not recommend the payment of a final dividend (2011 £Nil).

DIRECTORS

The directors who served during the year were as follows

Mr L Askey
Mr N W Ensor
Mr S Fox
Mr G Owen
Mr I Marshall (resigned 30 April 2012)

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

AUDITORS

The company has elected to dispense with the annual appointment of auditors

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

Ralph Martindale (England) Limited

DIRECTORS' REPORT (continued)

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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.

On behalf of the board



Mr S Fox
Director

25 April 2013

Ralph Martindale (England) Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The directors are responsible for preparing 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 company and of the profit or loss of the company 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 prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RALPH MARTINDALE (ENGLAND) LIMITED

We have audited the financial statements on pages 7 to 16. 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 5, 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 APB's website at www.frc.org.uk/apb/scope/private.cfm.

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 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

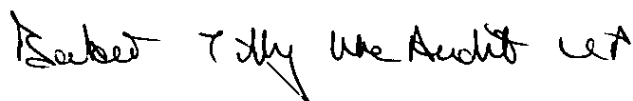
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in 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, 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.



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

25 April 2013

Ralph Martindale (England) Limited

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2012

	<i>Notes</i>	2012 £	2011 £
TURNOVER	1	5,732,425	7,126,287
Cost of sales		(4,861,150)	(6,008,011)
GROSS PROFIT		871,275	1,118,276
Distribution costs		(274,929)	(395,654)
Administrative expenses		(592,557)	(576,100)
Other operating income	2	148,611	137,407
OPERATING PROFIT	3	152,400	283,929
Exceptional income arising from sale of discontinued operations	4	477,765	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		630,165	283,929
Taxation	6	(300,838)	(85,128)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	14	329,327	198,801

The operating profit for the year arises from the company's continuing operations

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the profit and loss account

Ralph Martindale (England) Limited

BALANCE SHEET

31 December 2012

Company Registration No 3398001

	Notes	2012 £	2011 £
FIXED ASSETS			
Tangible assets	7	847,053	852,007
CURRENT ASSETS			
Stocks	8	1,122,860	1,150,133
Debtors Amounts falling due within one year	9	2,897,592	5,446,264
Cash at bank and in hand		2,161,788	2,289,055
		6,182,240	8,885,452
CREDITORS Amounts falling due within one year	10	(5,248,525)	(7,765,746)
NET CURRENT ASSETS		933,715	1,119,706
TOTAL ASSETS LESS CURRENT LIABILITIES		1,780,768	1,971,713
PROVISIONS FOR LIABILITIES AND CHARGES	11	(174,511)	(194,783)
NET ASSETS		1,606,257	1,776,930
CAPITAL AND RESERVES			
Called up share capital	13	250,000	250,000
Profit and loss account	14	1,356,257	1,526,930
SHAREHOLDER'S FUNDS	12	1,606,257	1,776,930

The financial statements on pages 7 to 16 were approved by the board of directors and authorised for issue on 25 April 2013 and signed on its behalf by



S Fox
Director

Ralph Martindale (England) Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards

TANGIBLE FIXED ASSETS

Fixed assets are stated at cost. Depreciation is being charged from the year in which the asset is first available for use so as to reduce 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.

Included within plant and machinery, the following rates of depreciation have been used:

Plant and equipment, computer equipment and motor vehicles	25% reducing balance
New mill equipment	3 - 10% 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 are valued at the lower of cost and net realisable value. Cost of finished goods and work in progress includes overheads appropriate to the stage of manufacture. Net realisable value is based upon estimated selling prices less further costs expected to be incurred to completion and disposal. Provision is made for obsolete and slow moving items.

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.

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.

FOREIGN CURRENCIES

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

PENSIONS CONTRIBUTIONS

The cost of providing retirement pensions is charged to the profit and loss account over the years benefiting from the employees' services.

TURNOVER

Turnover represents the invoiced value, net of Value Added Tax, of goods sold and services provided to customers. Turnover is recognised on despatch of goods.

OPERATING LEASES

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

Ralph Martindale (England) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2012

1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The company's turnover and profit before taxation were all derived from its principal activity
Sales were made in the following geographical markets

	2012 £	2011 £
United Kingdom	175,039	452,528
Other European countries	2,763	36,068
Rest of the world	5,554,623	6,637,691
	<u>5,732,425</u>	<u>7,126,287</u>

2 OTHER OPERATING INCOME

Other operating income relates to service fees receivable from fellow subsidiaries

	2012 £	2011 £
Operating profit is stated after charging		
Depreciation and amounts written off tangible fixed assets		
Charge for the year		
owned assets	58,019	57,530
Auditors' remuneration	10,000	10,000
Operating lease rentals – motor vehicles and equipment	20,010	14,999
Loss on sale of fixed assets	753	-
Redundancy costs	14,288	12,267
	<u>103,069</u>	<u>94,796</u>

4 EXCEPTIONAL INCOME

During the year ended 31 December 2012, the parent company's shareholdings in two fellow subsidiary undertakings of Ralph Martindale (England) Limited were sold to external parties. In accordance with the terms of the sale agreements, certain amounts were written-off as follows

	£
Amounts owed to fellow subsidiary undertakings	2,705,323
Amounts owed by fellow subsidiary undertakings	(2,227,558)
	<u>477,765</u>

The amounts written off are not subject to corporation tax and have therefore reduced the expected tax charge for the year by £95,553 (see Note 6)

Ralph Martindale (England) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2012

5	EMPLOYEES	2012 No	2011 No
	The average monthly number of persons (including directors) employed by the company during the year was		
	Manufacturing	26	28
	Sales and service	2	4
	Administration	3	3
		<u>31</u>	<u>35</u>
		2012 £	2011 £
	Staff costs for above persons		
	Wages and salaries	620,514	673,842
	Social security costs	47,869	57,251
	Other pension costs	116,865	120,281
		<u>785,248</u>	<u>851,374</u>
	DIRECTORS' REMUNERATION	2012 £	2011 £
	Total emoluments	<u>90,455</u>	<u>97,681</u>
		Number	Number
	The number of directors to whom relevant benefits are accruing under		
	Defined benefit pension schemes was	<u>2</u>	<u>2</u>

Directors' emoluments included above relate to directors involved in the day to day management of the business. The remaining directors' emoluments were paid by the parent company, Ralph Martindale and Company Limited

Ralph Martindale (England) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2012

6	TAXATION	2012 £	2011 £
	Current tax charges		
	Corporation tax for year	3,650	65,500
	Overseas withholding tax – current period	22,292	20,611
	Overseas withholding tax – prior periods	25,363	25,363
	Group relief – current period	132,421	-
	Adjustments in respect of prior periods	137,384	-
		<u>321,110</u>	<u>111,474</u>
	Deferred tax		
	Origination and reversal of timing differences	(20,272)	(26,346)
		<u>300,838</u>	<u>85,128</u>
	Tax on profit on ordinary activities		
	Reconciliation of UK corporation tax charge to the tax charge if the effective rate is applied to the profit before tax		
	Profit before tax at 20% / 26.49%	126,033	75,213
	Depreciation in excess of capital allowances	4,078	10,559
	Expenses not deductible for tax purposes	34	339
	Income not taxable	(95,553)	-
	Group relief at higher tax rate	105,937	-
	Foreign tax expense	17,834	-
	Foreign tax expense – prior periods	25,363	25,363
	Adjustments in respect of prior periods	137,384	-
		<u>321,110</u>	<u>111,474</u>

Charges have been made to the company in the current year in respect of tax losses surrendered by the parent company for both current year and prior year group tax relief purposes

Ralph Martindale (England) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2012

7	TANGIBLE FIXED ASSETS		<i>Plant and equipment £</i>
	Cost		
	1 January 2012		6,207,301
	Additions		53,820
	Disposals		(81,463)
			<hr/>
	31 December 2012		6,179,658
			<hr/>
	Depreciation		
	1 January 2012		5,355,294
	Charged in the year		58,019
	Disposals		(80,708)
			<hr/>
	31 December 2012		5,332,605
			<hr/>
	Net book value		
	31 December 2012		847,053
			<hr/>
	31 December 2011		852,007
			<hr/>
8	STOCKS	2012 £	2011 £
	Raw materials	218,152	169,850
	Finished goods	423,660	481,995
	Engineering stocks and consumables	481,048	498,288
		<hr/>	<hr/>
		1,122,860	1,150,133
		<hr/>	<hr/>
9	DEBTORS Amounts falling due within one year	2012 £	2011 £
	Trade debtors	1,550	49,393
	Amount owed by fellow subsidiary undertakings	2,811,464	5,361,683
	Prepayments and accrued income	84,578	35,188
		<hr/>	<hr/>
		2,897,592	5,446,264
		<hr/>	<hr/>

Ralph Martindale (England) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2012

10	CREDITORS Amounts falling due within one year	2012 £	2011 £
	Trade creditors	1,267,062	1,257,644
	Amount owed to parent undertaking	3,270,632	2,396,299
	Amount owed to fellow subsidiary undertakings	679,403	3,993,742
	Corporation tax	3,650	65,500
	Other taxation and social security	6,863	6,382
	Other creditors and accruals	20,915	46,179
		<u>5,248,525</u>	<u>7,765,746</u>
11	PROVISIONS FOR LIABILITIES AND CHARGES		<i>Deferred tax £</i>
	1 January 2012		194,783
	Profit and loss account		(20,272)
			<u>174,511</u>
	31 December 2012		<u>174,511</u>
	The provision for deferred tax at 23% (2011 25%) comprises		
		2012 £	2011 £
	Excess of capital allowances over depreciation	<u>174,511</u>	<u>194,783</u>
12	RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS	2012 £	2011 £
	Profit for the year	329,327	198,801
	Dividend paid	(500,000)	-
		<u>(170,673)</u>	<u>198,801</u>
	Net movement in shareholder's funds	(170,673)	198,801
	Opening shareholder's funds	<u>1,776,930</u>	<u>1,578,129</u>
	Closing shareholder's funds	<u>1,606,257</u>	<u>1,776,930</u>

Ralph Martindale (England) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2012

13	CALLED UP SHARE CAPITAL (2012 AND 2011)	<i>Number of Shares</i>	<i>£</i>
	Authorised, issued and fully paid Ordinary shares of £1 each	250,000	250,000

14	PROFIT AND LOSS ACCOUNT	2012 £	2011 £
	1 January 2012	1,526,930	1,328,129
	Profit for the financial year	329,327	198,801
	Dividend paid	(500,000)	-
	31 December 2012	1,356,257	1,526,930

15 PENSION COMMITMENTS

The company contributes to a group pension scheme of the defined benefit type. The total pension cost for the company was £116,865 (2011: £120,281). The assets of the scheme are held in separate trustee administered funds managed by Legal & General Assurance Society Limited. It is not possible to separately identify the company's share of the assets and liabilities within the group pension scheme, and the pensions disclosures in these financial statements are based on that of a defined contribution scheme. Details of the scheme can be found in the consolidated financial statements of the parent company.

16 CASH FLOW STATEMENT

Under Financial Reporting Standard No. 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking.

17 PARENT COMPANY

The immediate and ultimate parent company is Ralph Martindale and Company Limited which is incorporated in Great Britain and registered in England.

18 CONTINGENT LIABILITIES

There is a composite banking agreement between the company, Ralph Martindale and Company Limited, and Barclays Bank plc.

There is a cross guarantee between the company, Ralph Martindale and Company Limited, and its UK subsidiaries.

At 31 December 2012 the group had a liability of £551,945 (2011: £2,400,655) on its UK Sterling bank balances.

Ralph Martindale (England) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2012

19 OPERATING LEASE COMMITMENTS

Financial commitments under non-cancellable operating leases will result in the following payments falling due in the year to 31 December 2013

	2012	2011
	£	£
Expiring		
Within one year	3,812	-
Within one to five years	3,960	7,773
	<u> </u>	<u> </u>

20 RELATED PARTY TRANSACTIONS

As a wholly owned subsidiary of the parent company, the company claims exemption under Financial Reporting Standard No 8 from disclosing related party transactions with other wholly-owned subsidiary companies

The following transactions were carried out with non-wholly owned fellow subsidiary companies

	2012	2011
	£	£
(i) Sale of goods	4,577,117	4,671,507
	<u> </u>	<u> </u>
(ii) Balances outstanding at 31 December		
Amounts owed by fellow subsidiary undertakings	1,543,248	3,958,019
	<u> </u>	<u> </u>
Amounts owed to fellow subsidiary undertakings	364,504	3,013,019
	<u> </u>	<u> </u>

21 CAPITAL COMMITMENTS

At 31 December 2012 the company had capital commitments of £115,500 (2011 £Nil)