# Ralph Martindale (England) Limited

FINANCIAL STATEMENTS

for the year ended

31 December 2015



Company Registration No. 3398001

# Ralph Martindale (England) Limited
## DIRECTORS AND ADVISORS

DIRECTORS

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

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

The directors submit their report and the financial statements of Ralph Martindale (England) Limited for the year ended 31 December 2015.

## PRINCIPAL ACTIVITIES

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

## REVIEW OF THE BUSINESS

The company reported a decrease in turnover during the year ended 31 December 2015 of 24%, reflecting a fall in demand for steel from fellow group subsidiary companies during the year. The company turnover continues to be primarily derived from sales to fellow group subsidiary companies, and these sales accounted for 97% of the total turnover during 2015 and 2014.

Due to economic conditions, during March 2015 the company reorganised its trading activities. The company continues to supply fellow group subsidiary companies with rolled steel sections but these are procured from external sources and not through the company's rolling mill, which has been closed. The company disposed of certain rolling mill assets during 2015, resulting in a loss on disposal of these assets of £683,234. In addition, redundancy costs of £70,310 were incurred as a result of the company reorganisation.

## 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

Cash flow could be adversely affected by significant raw material price increases, adverse currency movements, 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 other materials 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.

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. 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 loss for the year before taxation amounted to £1,359,500 (2014 : £220,362 loss). The loss for the year after taxation amounted to £1,228,099 (2014 : £176,301 loss). No dividend was paid during the year (2014: £Nil). The directors do not recommend the payment of a final dividend (2014 : £Nil).

DIRECTORS

The directors who served during the year were as follows:

Mr L Askey (resigned 28 October 2015)
Mr N W Ensor
Mr S Fox
Mr G Owen

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.

RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP) has indicated its willingness to continue in office.

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.

SMALL COMPANIES EXEMPTON

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board

Mr S Fox
Director

21 April 2016

# 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 22 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) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 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 company's affairs as at 31 December 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**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, 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; or
- the Directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report or in preparing the Directors' Report.

RSM UK Audit LLP

Gary Moreton (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP), Statutory Auditor
Chartered Accountants
St Philips Point
Temple Row
Birmingham
B2 5AF

Date: 21 April 2016

# Ralph Martindale (England) Limited
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2015

| | *Notes* | 2015 £ | 2014 £ |
|---|---|---|---|
| TURNOVER | 1 | 3,395,829 | 4,463,059 |
| Cost of sales | | (3,304,182) | (3,824,306) |
| GROSS PROFIT | | 91,647 | 638,753 |
| Distribution costs | | (93,813) | (222,225) |
| Administrative expenses | | (603,790) | (636,890) |
| Administrative expenses - Exceptional | 2 | (70,310) | - |
| OPERATING LOSS | | (676,266) | (220,362) |
| Company reorganisation costs | 2 | (683,234) | - |
| LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION | 2 | (1,359,500) | (220,362) |
| Taxation | 4 | 131,401 | 44,061 |
| LOSS ON ORDINARY ACTIVITIES AFTER TAXATION AND LOSS FOR THE FINANCIAL YEAR | | (1,228,099) | (176,301) |
| TOTAL COMPREHENSIVE LOSS FOR THE YEAR | | (1,228,099) | (176,301) |

# Ralph Martindale (England) Limited

STATEMENT OF FINANCIAL POSITION

31 December 2015 Company Registration No. 3398001

| | Notes | 2015 | 2014 |
|---|---|---|---|
| | | £ | £ |
| FIXED ASSETS | | | |
| Tangible assets | 5 | 1,888 | 766,770 |
| CURRENT ASSETS | | | |
| Stocks | 6 | 66,615 | 596,147 |
| Debtors: Amounts falling due within one year | 7 | 3,039,849 | 3,205,032 |
| Cash at bank and in hand | | 1,319,330 | 1,581,152 |
| | | 4,425,794 | 5,382,331 |
| CREDITORS: Amounts falling due within one year | 8 | (4,185,045) | (4,566,591) |
| NET CURRENT ASSETS | | 240,749 | 815,740 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 242,637 | 1,582,510 |
| PROVISIONS FOR LIABILITIES AND CHARGES | 9 | (340) | (112,114) |
| NET ASSETS | | 242,297 | 1,470,396 |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 10 | 250,000 | 250,000 |
| Profit and loss account | | (7,703) | 1,220,396 |
| SHAREHOLDER'S FUNDS | | 242,297 | 1,470,396 |

The financial statements on pages 7 to 22 were approved by the board of directors and authorised for issue on 21 April 2016 and signed on its behalf by:

S Fox
Director

# Ralph Martindale (England) Limited
STATEMENT OF CHANGES IN EQUITY
31 December 2015

| | Share Capital £ | Profit and Loss account £ | Total £ |
|---|---|---|---|
| **Balance at 1 January 2014** | 250,000 | 1,396,697 | 1,646,697 |
| Loss and other comprehensive income for the year | - | (176,301) | (176,301) |
| **Balance at 31 December 2014** | 250,000 | 1,220,396 | 1,470,396 |
| **Year ended 31 December 2015** | | | |
| Loss and other comprehensive income for the year | - | (1,228,099) | (1,228,099) |
| **Balance at 31 December 2015** | 250,000 | (7,703) | 242,297 |

GENERAL INFORMATION
Ralph Martindale (England) Limited ("the Company") is a limited company domiciled and incorporated in England.

The address of the company's registered office and principal place of business is Crocodile House, Strawberry Lane, Willenhall, West Midlands, WV13 3RS.

The Company's principal activities are the manufacture and sale of hot-rolled steel sections, and the sale of agricultural tools.

BASIS OF ACCOUNTING
The financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, and under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

REDUCED DISCLOSURE
In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements;

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares
- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures
- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income.
- Section 26 'Share-based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements
- Section 33 'Related Party Disclosures' – Compensation for key management personnel

The financial statements of the Company are consolidated in the financial statements of Ralph Martindale and Company Limited. The consolidated financial statements of Ralph Martindale and Company Limited are available from the registered office.

FIRST TIME ADOPTION OF FRS 102
These financial statements are the first financial statements of Ralph Martindale (England) Limited prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102). The financial statements of Ralph Martindale (England) Limited for the year ended 31 December 2014 were prepared in accordance with previous UK GAAP.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the directors have amended certain accounting policies to comply with FRS 102. The directors have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

There have been no amendments to comparative figures.

GOING CONCERN

Following the completion of the company reorganisation during 2015, the Directors consider the state of the company affairs to be satisfactory. The company held a positive cash balance as at 31 December 2015, and is forecast to generate a profit during 2016. The Directors therefore consider it appropriate to prepare the financial statements on a going concern basis.

TANGIBLE FIXED ASSETS

Fixed assets are stated at cost net of depreciation and impairment losses. Depreciation is being charged from the year in which the asset is first available for use so as to reduce each asset's cost less any residual value over its anticipated useful economic life. Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

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 plant and equipment | 4 % straight line |

Fixed assets are reviewed for impairment at each reporting date if events or changes in circumstances indicate that the carrying amount may not be recoverable.

STOCKS AND WORK IN PROGRESS

Stocks and work in progress are valued at the lower of cost and estimated selling price less costs to complete and sell. Cost of finished goods and work in progress includes overheads appropriate to the stage of manufacture. Provision is made for obsolete and slow moving items.

At each reporting date, the Company assesses whether stocks are impaired or if an impairment loss recognised in prior periods has reversed. Any excess of the carrying amount of stock over its estimated selling price less costs to complete and sell, is recognised as an impairment loss in profit or loss.

TAXATION

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income or expenses from subsidiaries, associates, branches and interests in jointly controlled entities, that will be assessed to or allow for tax in a future period except where the Group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

TAXATION (continued)
Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination and the amounts that can be deducted or assessed for tax. The deferred tax recognised is adjusted against goodwill.

For non-depreciable assets measured using the revaluation model and investment properties measured at fair value (except investment property with a limited useful life held by the Company to consume substantially all of its economic benefits), deferred tax is measured using the tax rates and allowances that apply to the sale of the asset or property.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

FOREIGN CURRENCIES
The financial statements are presented in sterling, which is also the functional currency of the company.

Transactions in foreign currencies are recorded at the rate ruling at the date of transactions. Monetary 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 statement of comprehensive income.

RETIREMENT BENEFITS
The Company is a member of a group retirement benefit plan. The net defined benefit cost is recognised by the sponsoring entity as there is no contractual agreement or stated policy for charging the net defined benefit cost to individual entities that participate in the group plan. Therefore, the Company recognises a cost equal to its contributions payable for the period.

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. It is recognised at the fair value of the consideration received or receivable taking into account any discounts or rebates.

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

FINANCIAL INSTRUMENTS
The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument, and are offset only when the Company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

*Trade debtors*

Trade debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

Financial liabilities and equity

Financial instruments are classified as liabilities and equity instruments according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

*Equity instruments*
Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

*Own shares*
The fair value of consideration given for shares repurchased by the Company is deducted from equity.

*Trade creditors*
Trade creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

*Borrowings*
Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges. Commitments to receive a loan are measured at cost less impairment.

*Derecognition of financial assets and liabilities*
A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

CRITIAL ACCOUNTING ESTIMATES AND JUDGEMENTS
The Directors have not made any critical accounting estimates or judgements as at 31st December 2015.

## 1 TURNOVER AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

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

| | 2015 | 2014 |
|---|---|---|
| | £ | £ |
| United Kingdom | 102,398 | 130,188 |
| Other European countries | 440 | 808 |
| Rest of the world | 3,292,991 | 4,332,063 |
| | 3,395,829 | 4,463,059 |

## 2 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

| | 2015 | 2014 |
|---|---|---|
| | £ | £ |
| Loss on ordinary activities before taxation is stated after charging: | | |
| Depreciation and amounts written off tangible fixed assets: | | |
| Charge for the year | | |
| owned assets | 18,620 | 71,580 |
| Auditors' remuneration | 10,000 | 10,000 |
| Operating lease rentals – motor vehicles and equipment | 5,418 | 5,106 |
| Exchange losses | 5,488 | 6,426 |
| Stock - amounts expensed to cost of sales | 2,440,534 | 2,409,327 |
| - impairment losses recognised in cost of sales | - | - |
| Exceptional expenses – redundancy costs | 70,310 | - |

During the year, the company reorganised the business and as a consequence certain assets were sold resulting in a loss of £683,234.

## 3 EMPLOYEES

| | 2015 No. | 2014 No. |
|---|---|---|
| The average monthly number of persons (including directors) employed by the company during the year was: | | |
| Manufacturing | 12 | 21 |
| Sales and service | 2 | 2 |
| Administration | 1 | 2 |
| | 15 | 25 |

| | 2015 £ | 2014 £ |
|---|---|---|
| Staff costs for above persons: | | |
| Wages and salaries | 348,080 | 457,824 |
| Social security costs | 21,492 | 32,575 |
| Other pension costs | 55,130 | 101,659 |
| | 424,702 | 592,058 |

DIRECTORS' REMUNERATION

| | 2015 | 2014 |
|---|---|---|
| Total emoluments | 47,100 | 64,448 |

| | Number | Number |
|---|---|---|
| The number of directors to whom relevant benefits are accruing under: | | |
| Defined benefit pension schemes was | 2 | 2 |

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.

| | | |
|---|---|---|
| Remuneration (including employers national insurance) of key management personnel | 50,685 | 69,184 |

## 4 TAXATION

| | 2015 | 2014 |
|---|---|---|
| | £ | £ |
| Current tax charges: | | |
| Adjustments in respect of prior periods | - | (3,067) |
| Group relief – current period | (19,627) | - |
| | (19,627) | (3,067) |
| Deferred tax: | | |
| Origination and reversal of timing differences | (111,774) | (40,994) |
| Tax on loss on ordinary activities | (131,401) | (44,061) |

Reconciliation of UK corporation tax charge to the tax charge if the effective rate is applied to the (loss)/profit before tax

| | 2015 | 2014 |
|---|---|---|
| Loss before tax at 20.25% (2014: 21.49%) | (275,252) | (47,356) |
| Depreciation in excess of capital allowances | 445 | 15,383 |
| Expenses not deductible for tax purposes | - | 12 |
| Tax losses not utilised | - | 28,666 |
| Losses carried back | - | 3,295 |
| Adjustments in respect of prior periods | - | (3,067) |
| Deferred tax | - | (40,994) |
| Group relief surrendered/(claimed) | 19,627 | - |
| Deferred tax not recognised on losses carried forward | 126,305 | - |
| Other items | (2,526) | - |
| Total tax credit | (131,401) | (44,061) |

## 5 TANGIBLE FIXED ASSETS

| | Plant and equipment |
|---|---|
| | £ |
| **Cost** | |
| 1 January 2015 | 6,240,715 |
| Disposals | (6,214,276) |
| 31 December 2015 | 26,439 |
| **Depreciation** | |
| 1 January 2015 | 5,473,945 |
| Charged in the year | 18,620 |
| Disposals | (5,468,014) |
| 31 December 2015 | 24,551 |
| **Net book value** | |
| 31 December 2015 | 1,888 |
| 31 December 2014 | 766,770 |

## 6 STOCKS

| | 2015 | 2014 |
|---|---|---|
| | £ | £ |
| Raw materials and consumables | 40,692 | 508,419 |
| Finished goods and goods for resale | 25,923 | 87,728 |
| | 66,615 | 596,147 |

Finished goods stock with a carrying value of £9,588 has been written down to £391. No earlier stock write down has been reversed during the current, or preceding, period.

## 7 DEBTORS: Amounts falling due within one year

| | 2015 | 2014 |
|---|---|---|
| | £ | £ |
| Trade debtors | 44,153 | 16,384 |
| Amount owed by fellow subsidiary undertakings | 2,680,766 | 3,155,084 |
| Corporation tax | 3,067 | 3,067 |
| Other debtors | 190,937 | - |
| Prepayments and accrued income | 120,926 | 30,497 |
| | 3,039,849 | 3,205,032 |

During the year, no impairment losses were recognised in respect of trade receivables (2014: £Nil).

## 8 CREDITORS: Amounts falling due within one year

| | 2015 | 2014 |
|---|---|---|
| | £ | £ |
| Trade creditors | 279,744 | 606,589 |
| Amount owed to parent undertaking | 3,295,688 | 3,352,800 |
| Amount owed to fellow subsidiary undertakings | 583,708 | 556,745 |
| Other taxation and social security | 2,060 | 4,161 |
| Other creditors and accruals | 23,845 | 46,296 |
| | 4,185,045 | 4,566,591 |

## 9 PROVISIONS FOR LIABILITIES AND CHARGES

| | *Deferred tax* |
|---|---|
| | £ |
| 1 January 2015 | 112,114 |
| Profit and loss account | (111,774) |
| 31 December 2015 | 340 |

Provision for deferred tax has been made as follows:

| | 2015 | 2014 |
|---|---|---|
| | £ | £ |
| Deferred tax liabilities | 340 | 138,792 |
| Deferred tax assets | - | (26,678) |
| Net position at 31 December | 340 | 112,114 |

The provision for deferred tax at 18% (2014: 20%) comprises:

| | 2015 | 2014 |
|---|---|---|
| | £ | £ |
| Excess of capital allowances over depreciation | 340 | 138,792 |
| Tax losses carried forward | - | (26,678) |
| | 340 | 112,114 |

10 CALLED UP SHARE CAPITAL (2015 AND 2014)

| | *Number of Shares* | £ |
|---|---|---|
| Authorised, issued and fully paid | | |
| Ordinary shares of £1 each | 250,000 | 250,000 |

*Ordinary share rights*

The Company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the Company.

11 RETIREMENT BENEFITS

The company contributes to a group pension scheme of the defined benefit type. The total pension cost for the company was £55,130 (2014: £101,659). 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.

The estimated expected contributions to be paid to the scheme for the year ended 31 December 2016 is £191,000 (2015: £192,000) excluding employee's contributions.

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 | 1st April, 2015 |
| Actuarial method | Projected unit |
| Pre-retirement investment yield per annum | 4.7% |
| Post-retirement investment yield per annum | 3.4% |
| Members' pensionable earnings increase per annum | 3.4% |
| Increase in Retail Price Index (RPI) per annum | 2.9% |
| Market value of assets at date of last valuation | £8,214,000 |
| Proportion of members' accrued benefits covered by the actuarial value of the assets | 94% |

11 RETIREMENT BENEFITS (continued)

The following information is based upon a full actuarial valuation of the fund at 1st April, 2015 updated to 31st December, 2015 by a qualified independent actuary. The major assumptions used by the actuary were:

| | At 31st December, 2015 | At 31st December, 2014 | At 31st December, 2013 |
|---|---|---|---|
| Rate of increase in salaries | 3.08% | 3.06% | 3.4% |
| Rate of increase in pensions in payment | 2.9% | 2.9% | 3.4% |
| Discount rate | 3.68% | 3.41% | 4.4% |
| Inflation assumption | 3.08% | 3.06% | 3.4% |
| Expected future lifetime for a member retiring at age 65 at the accounting date | | | |
| - male (years) | 23.1 | 22.8 | 23.0 |
| - female (years) | 24.4 | 24.4 | 24.8 |
| Future expectation of life at retirement for a member retiring at age 65 in 20 years time | | | |
| - male (years) | 25.2 | 24.9 | 25.3 |
| - female (years) | 25.9 | 25.9 | 26.7 |

Main categories of plan assets:

| | 2015 £'000 | 2014 £'000 |
|---|---|---|
| Bonds | 2,309 | 2,327 |
| Equities | 3,578 | 3,659 |
| Cash | 364 | 300 |
| Annuities | 1,593 | 1,629 |
| Total fair value of assets | 7,844 | 7,915 |

| THE CHANGE IN THE FAIR VALUE OF THE SCHEME'S ASSETS IN THE YEAR IS ANALYSED BELOW: | 2015 £'000 | 2014 £'000 |
|---|---|---|
| Fair value of assets at 1st January, 2015 | 7,915 | 8,046 |
| Interest/expected return on assets | 264 | 440 |
| Loss/(gain) on asset return | (103) | 155 |
| Actuarial loss | (90) | (248) |
| Employer contributions | 190 | 176 |
| Employee contributions | 16 | 17 |
| Expenses paid by scheme | (18) | (16) |
| Benefits paid | (330) | (655) |
| Fair value of assets at 31st December, 2015 | 7,844 | 7,915 |

11 RETIREMENT BENEFITS (continued)

| THE CHANGE IN THE VALUE OF THE SCHEME'S LIABILITIES IN THE YEAR IS ANALYSED BELOW: | 2015 £'000 | 2014 £'000 |
|---|---|---|
| Value of liabilities at 1st January, 2015 | 8,945 | 8,877 |
| Current accrual cost | 28 | 48 |
| Interest cost | 298 | 373 |
| Actuarial (gain)/loss | (278) | 302 |
| Benefits paid | (330) | (655) |
| Value of liabilities at 31st December, 2015 | 8,663 | 8,945 |

| HISTORY OF SCHEME ASSETS, LIABILITIES AND SCHEME DEFICITS | 31st December, 2015 £'000 | 31st December, 2014 £'000 | 31st December, 2013 £'000 | 31st December, 2012 £'000 | 31st December, 2011 £'000 |
|---|---|---|---|---|---|
| Fair value of assets | 7,844 | 7,915 | 8,046 | 7,492 | 6,998 |
| Value of liabilities | (8,663) | (8,945) | (8,877) | (8,202) | (7,877) |
| Deficit in the scheme | (819) | (1,030) | (831) | (710) | (879) |
| Related deferred tax asset | 147 | 206 | 166 | 163 | 220 |
| Net pension liability | (672) | (824) | (665) | (547) | (659) |
| Difference between the expected and actual return on scheme assets | (103) | 155 | 293 | 154 | (240) |
| Experience gains and losses on scheme liabilities | (83) | 84 | (93) | (14) | (41) |

The expected rate of return on scheme assets is based on long-term expectations calculated by a qualified independent actuary.

12 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 2015 the group had a liability of £nil (2014: £1,111,716) on its UK Sterling bank balances.

## 13 OPERATING LEASE COMMITMENTS

The total future minimum lease payments under non-cancellable operating leases in respect of motor vehicles and equipment are as follows:

| | 2015 | 2014 |
|---|---|---|
| | £ | £ |
| Amounts due: | | |
| Within one year | - | 5,418 |

## 14 RELATED PARTY TRANSACTIONS

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

| | 2015 | 2014 |
|---|---|---|
| | £ | £ |
| (i) Sale of goods | 2,782,608 | 3,343,579 |
| (ii) Balances outstanding at 31 December: | | |
| Amounts owed by fellow subsidiary undertakings | 1,892,254 | 2,289,113 |
| Amounts owed to fellow subsidiary undertakings | 364,504 | 364,504 |