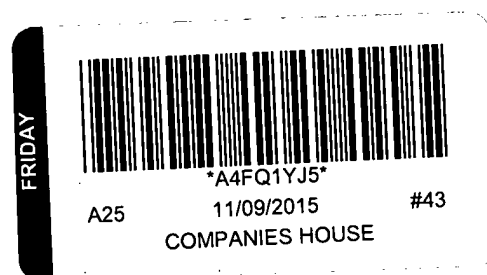


# Ralph Martindale (England) Limited

## FINANCIAL STATEMENTS

for the year ended

31 December 2014



# Ralph Martindale (England) Limited

## DIRECTORS AND ADVISORS

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### 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

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The directors submit their report and the financial statements of Ralph Martindale (England) Limited for the year ended 31 December 2014.

### 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 during the year ended 31 December 2014 of 20%, 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 2014 and 2013.

During March 2015, a decision was formally made to cease production of hot-rolled steel sections at the company's rolling mill, in line with Group strategy. The company will continue to trade, and will supply fellow group subsidiary companies with less expensive steel from external sources. Certain restructuring costs arising from this decision will be incurred in 2015, however, it is not possible to accurately state these costs at this time.

### 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 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.

# Ralph Martindale (England) Limited

## DIRECTORS' REPORT (continued)

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### 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 £220,362 (2013 : £22,086 profit). The loss for the year after taxation amounted to £176,301 (2013 : £40,440 profit). No dividend was paid during the year (2013 : £Nil). The directors do not recommend the payment of a final dividend (2013 : £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

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

# Ralph Martindale (England) Limited

## DIRECTORS' REPORT (continued)

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### 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.

### 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

24 April 2015

# Ralph Martindale (England) Limited

## DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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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 18. 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 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 2014 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 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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a strategic report or in preparing the directors' report.



Gary Moreton (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Chartered Accountants

St Philips Point

Temple Row

Birmingham

B2 5AF

24 April 2015

# Ralph Martindale (England) Limited

## PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2014

|  | <i>Notes</i> | 2014<br>£   | 2013<br>£   |
|--|--------------|-------------|-------------|
| TURNOVER   | 1            | 4,463,059   | 5,586,616   |
| Cost of sales  |              | (3,824,306) | (4,681,518) |
| GROSS PROFIT   |              | 638,753     | 905,098     |
| Distribution costs                                   |              | (222,225)   | (274,434)   |
| Administrative expenses                              |              | (636,890)   | (608,578)   |
| OPERATING (LOSS)/PROFIT                              | 2            | (220,362)   | 22,086      |
| (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION |              | (220,362)   | 22,086      |
| Taxation   | 4            | 44,061      | 18,354      |
| (LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION  | 12           | (176,301)   | 40,440      |

The operating (loss)/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 2014

Company Registration No. 3398001

|  | Notes | 2014<br>£   | 2013<br>£   |
|--|-------|-------------|-------------|
| FIXED ASSETS                                   |       |             |             |
| Tangible assets                                | 5     | 766,770     | 838,350     |
| CURRENT ASSETS                                 |       |             |             |
| Stocks   | 6     | 596,147     | 744,487     |
| Debtors: Amounts falling due within one year   | 7     | 3,205,032   | 3,204,835   |
| Cash at bank and in hand                       |       | 1,581,152   | 1,800,051   |
|  |       | 5,382,331   | 5,749,373   |
| CREDITORS: Amounts falling due within one year | 8     | (4,566,591) | (4,787,918) |
| NET CURRENT ASSETS                             |       | 815,740     | 961,455     |
| TOTAL ASSETS LESS CURRENT LIABILITIES          |       | 1,582,510   | 1,799,805   |
| PROVISIONS FOR LIABILITIES AND CHARGES         | 9     | (112,114)   | (153,108)   |
| NET ASSETS                                     |       | 1,470,396   | 1,646,697   |
| CAPITAL AND RESERVES                           |       |             |             |
| Called up share capital                        | 11    | 250,000     | 250,000     |
| Profit and loss account                        | 12    | 1,220,396   | 1,396,697   |
| SHAREHOLDER'S FUNDS                            | 10    | 1,470,396   | 1,646,697   |

The financial statements on pages 7 to 18 were approved by the board of directors and authorised for issue on 24 April 2015 and signed on its behalf by:



S Fox  
Director

# Ralph Martindale (England) Limited

## ACCOUNTING POLICIES

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### 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 plant and equipment                               | 4 % 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. 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 2014

### 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:

|                          | 2014<br>£        | 2013<br>£        |
|--------------------------|------------------|------------------|
| United Kingdom           | 130,188          | 158,494          |
| Other European countries | 808              | 2,206            |
| Rest of the world        | 4,332,063        | 5,425,916        |
|                          | <u>4,463,059</u> | <u>5,586,616</u> |

### 2 OPERATING (LOSS)/PROFIT

Operating (loss)/profit is stated after charging:

Depreciation and amounts written off tangible fixed assets:

|  | 2014<br>£     | 2013<br>£     |
|--|---------------|---------------|
| Charge for the year                                    |               |               |
| owned assets   | 71,580        | 69,760        |
| Auditors' remuneration                                 | 10,000        | 10,000        |
| Operating lease rentals – motor vehicles and equipment | 5,106         | 9,810         |
|  | <u>86,686</u> | <u>89,570</u> |

### 3 EMPLOYEES

The average monthly number of persons (including directors) employed by the company during the year was:

|                   | 2014<br>No. | 2013<br>No. |
|-------------------|-------------|-------------|
| Manufacturing     | 21          | 25          |
| Sales and service | 2           | 2           |
| Administration    | 2           | 3           |
|                   | <u>25</u>   | <u>30</u>   |

|                                | 2014<br>£      | 2013<br>£      |
|--------------------------------|----------------|----------------|
| Staff costs for above persons: |                |                |
| Wages and salaries             | 457,824        | 598,783        |
| Social security costs          | 32,575         | 48,969         |
| Other pension costs            | 101,659        | 124,504        |
|                                | <u>592,058</u> | <u>772,256</u> |

# Ralph Martindale (England) Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2014

|   |  |                   |                   |
|---|--|-------------------|-------------------|
| 3 | EMPLOYEES (continued)  | 2014<br>£         | 2013<br>£         |
|   | DIRECTORS' REMUNERATION  |                   |                   |
|   | Total emoluments   | 64,448            | 107,261           |
|   |  | <u>          </u> | <u>          </u> |
|   |  | Number            | Number            |
|   | The number of directors to whom relevant benefits are accruing under:  |                   |                   |
|   | Defined benefit pension schemes was  | 2                 | 2                 |
|   |  | <u>          </u> | <u>          </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. |                   |                   |
| 4 | TAXATION   | 2014<br>£         | 2013<br>£         |
|   | Current tax charges:   |                   |                   |
|   | Corporation tax for year   | -                 | 3,067             |
|   | Adjustments in respect of prior periods  | (3,067)           | (18)              |
|   |  | <u>          </u> | <u>          </u> |
|   |  | (3,067)           | 3,049             |
|   |  | <u>          </u> | <u>          </u> |
|   | Deferred tax:  |                   |                   |
|   | Origination and reversal of timing differences   | (40,994)          | (21,403)          |
|   |  | <u>          </u> | <u>          </u> |
|   | Tax on (loss)/profit on ordinary activities  | (44,061)          | (18,354)          |
|   |  | <u>          </u> | <u>          </u> |
|   | Reconciliation of UK corporation tax charge to the tax charge if the effective rate is applied to the (loss)/profit before tax   |                   |                   |
|   | (Loss)/profit before tax at 21.49% (2013: 20%)   | (47,356)          | 4,417             |
|   | Depreciation in excess of/(less than) capital allowances   | 15,383            | (1,359)           |
|   | Expenses not deductible for tax purposes   | 12                | 9                 |
|   | Tax losses not utilised  | 28,666            | -                 |
|   | Losses carried back  | 3,295             | -                 |
|   | Adjustments in respect of prior periods  | (3,067)           | (18)              |
|   |  | <u>          </u> | <u>          </u> |
|   |  | (3,067)           | 3,049             |
|   |  | <u>          </u> | <u>          </u> |

# Ralph Martindale (England) Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2014

|   |   |           |  |
|---|---|-----------|--|
| 5 | TANGIBLE FIXED ASSETS                         |           | <i>Plant<br/>and<br/>equipment<br/>£</i> |
|   | Cost  |           |  |
|   | 1 January 2014 and 31 December 2014           |           | 6,240,715                                |
|   |   |           |  |
|   | Depreciation                                  |           |  |
|   | 1 January 2014                                |           | 5,402,365                                |
|   | Charged in the year                           |           | 71,580                                   |
|   |   |           |  |
|   | 31 December 2014                              |           | 5,473,945                                |
|   |   |           |  |
|   | Net book value                                |           |  |
|   | 31 December 2014                              |           | 766,770                                  |
|   |   |           |  |
|   | 31 December 2013                              |           | 838,350                                  |
|   |   |           |  |
| 6 | STOCKS  | 2014<br>£ | 2013<br>£                                |
|   | Raw materials                                 | 102,105   | 4,225                                    |
|   | Finished goods                                | 87,728    | 306,221                                  |
|   | Engineering stocks and consumables            | 406,314   | 434,041                                  |
|   |   |           |  |
|   |   | 596,147   | 744,487                                  |
|   |   |           |  |
| 7 | DEBTORS: Amounts falling due within one year  | 2014<br>£ | 2013<br>£                                |
|   | Trade debtors                                 | 16,384    | 16,175                                   |
|   | Amount owed by fellow subsidiary undertakings | 3,155,084 | 3,152,415                                |
|   | Corporation tax                               | 3,067     | -  |
|   | Prepayments and accrued income                | 30,497    | 36,245                                   |
|   |   |           |  |
|   |   | 3,205,032 | 3,204,835                                |
|   |   |           |  |

# Ralph Martindale (England) Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2014

|   |  |                  |                  |
|---|--|------------------|------------------|
| 8 | CREDITORS: Amounts falling due within one year | 2014<br>£        | 2013<br>£        |
|   | Trade creditors                                | 606,589          | 738,317          |
|   | Amount owed to parent undertaking              | 3,352,800        | 3,411,008        |
|   | Amount owed to fellow subsidiary undertakings  | 556,745          | 605,839          |
|   | Corporation tax                                | -                | 3,067            |
|   | Other taxation and social security             | 4,161            | 5,137            |
|   | Other creditors and accruals                   | 46,296           | 24,550           |
|   |  | <u>4,566,591</u> | <u>4,787,918</u> |

|   |  |                          |
|---|--|--------------------------|
| 9 | PROVISIONS FOR LIABILITIES AND CHARGES | <i>Deferred tax</i><br>£ |
|   | 1 January 2014                         | 153,108                  |
|   | Profit and loss account                | (40,994)                 |
|   |  | <u>112,114</u>           |
|   | 31 December 2014                       | <u>112,114</u>           |

The provision for deferred tax at 20% (2013: 20%) comprises:

|  |                |                |
|--|----------------|----------------|
|  | 2014<br>£      | 2013<br>£      |
| Excess of capital allowances over depreciation | 138,792        | 153,108        |
| Tax losses carried forward                     | (26,678)       | -              |
|  | <u>112,114</u> | <u>153,108</u> |

|    |  |                  |                  |
|----|--|------------------|------------------|
| 10 | RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS | 2014<br>£        | 2013<br>£        |
|    | (Loss)/profit for the year                         | (176,301)        | 40,440           |
|    | Net movement in shareholder's funds                | (176,301)        | 40,440           |
|    | Opening shareholder's funds                        | 1,646,697        | 1,606,257        |
|    | Closing shareholder's funds                        | <u>1,470,396</u> | <u>1,646,697</u> |

# Ralph Martindale (England) Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2014

|    |   |                             |          |
|----|---|-----------------------------|----------|
| 11 | CALLED UP SHARE CAPITAL (2014 AND 2013)                         | <i>Number of<br/>Shares</i> | <i>£</i> |
|    | Authorised, issued and fully paid<br>Ordinary shares of £1 each | 250,000                     | 250,000  |

|    |                                      |           |           |
|----|--------------------------------------|-----------|-----------|
| 12 | PROFIT AND LOSS ACCOUNT              | 2014<br>£ | 2013<br>£ |
|    | 1 January 2014                       | 1,396,697 | 1,356,257 |
|    | (Loss)/profit for the financial year | (176,301) | 40,440    |
|    | 31 December 2014                     | 1,220,396 | 1,396,697 |

### 13 PENSION COMMITMENTS

The company contributes to a group pension scheme of the defined benefit type. The total pension cost for the company was £101,659 (2013: £124,504). 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 2015 is £192,000 (2014: £190,000) 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   | 1 <sup>st</sup> April,<br>2012 |
| Actuarial method   | Projected unit                 |
| Pre-retirement investment yield per annum  | 5.2%                           |
| Post-retirement investment yield per annum   | 4.3%                           |
| Members' pensionable earnings increase per annum                                     | 3.4%                           |
| Increase in Retail Price Index (RPI) per annum                                       | 2.9%                           |
| Discretionary increases in pensions in course of payment per annum                   | 0.0%                           |
| Market value of assets at date of last valuation                                     | £5,313,895                     |
| Proportion of members' accrued benefits covered by the actuarial value of the assets | 88%                            |

# Ralph Martindale (England) Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2014

### 13 PENSION COMMITMENTS (continued)

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

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

#### Main categories of plan assets:

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

#### THE CHANGE IN THE FAIR VALUE OF THE SCHEME'S ASSETS IN THE YEAR IS ANALYSED BELOW:

|   | 2014<br>£'000 | 2013<br>£'000 |
|---|---------------|---------------|
| Fair value of assets at 1 <sup>st</sup> January, 2014   | 8,046         | 7,492         |
| Expected return on assets                               | 440           | 383           |
| Gain on asset return                                    | 155           | 293           |
| Actuarial loss  | (248)         | (148)         |
| Employer contributions                                  | 176           | 209           |
| Employee contributions                                  | 17            | 17            |
| Expenses paid by scheme                                 | (16)          | (18)          |
| Benefits paid   | (655)         | (182)         |
| Fair value of assets at 31 <sup>st</sup> December, 2014 | 7,915         | 8,046         |



# Ralph Martindale (England) Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2014

### 13 PENSION COMMITMENTS (continued)

| THE CHANGE IN THE VALUE OF THE SCHEME'S<br>LIABILITIES IN THE YEAR IS ANALYSED BELOW: | 2014<br>£'000 | 2013<br>£'000 |
|---|---------------|---------------|
| Value of liabilities at 1 <sup>st</sup> January, 2014                                 | 8,877         | 8,202         |
| Current accrual cost  | 48            | 45            |
| Interest cost   | 373           | 356           |
| Actuarial loss  | 302           | 456           |
| Benefits paid   | (655)         | (182)         |
|   | <hr/>         | <hr/>         |
| Value of liabilities at 31 <sup>st</sup> December, 2014                               | 8,945         | 8,877         |
|   | <hr/>         | <hr/>         |

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

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

### 14 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.

### 15 PARENT COMPANY

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

# Ralph Martindale (England) Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2014

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### 16 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 2014 the group had a liability of £1,111,716 (2013: £1,072,904) on its UK Sterling bank balances.

### 17 OPERATING LEASE COMMITMENTS

Financial commitments under non-cancellable operating leases in respect of motor vehicles and equipment will result in the following payments falling due in the year to 31 December 2015:

|                          | 2014<br>£         | 2013<br>£         |
|--------------------------|-------------------|-------------------|
| Expiring:                |                   |                   |
| Within one year          | 660               | 318               |
| Within one to five years | -                 | 3,960             |
|                          | <u>          </u> | <u>          </u> |

### 18 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:

|  | 2014<br>£         | 2013<br>£         |
|--|-------------------|-------------------|
| (i) Sale of goods                              | 3,343,579         | 4,562,874         |
|  | <u>          </u> | <u>          </u> |
| (ii) Balances outstanding at 31 December:      |                   |                   |
| Amounts owed by fellow subsidiary undertakings | 2,289,113         | 1,970,366         |
|  | <u>          </u> | <u>          </u> |
| Amounts owed to fellow subsidiary undertakings | 364,504           | 367,604           |
|  | <u>          </u> | <u>          </u> |

### 19 CAPITAL COMMITMENTS

At 31 December 2014 the company had no capital commitments (2013: £Nil).

# Ralph Martindale (England) Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2014

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### 20 POST BALANCE SHEET EVENT

During March 2015, a decision was formally made to cease production of hot-rolled steel sections at the company's rolling mill, in line with Group Strategy. The company will continue to trade, and will supply fellow group subsidiary companies with less expensive steel from external sources. Certain restructuring costs arising from this decision will be incurred in 2015, however, it is not possible to accurately state these costs at this time.