James Cropper Converting Limited

Directors' Report and financial statements

Registered number 04690526

30 March 2013

Contents

Directors' Report

The directors present their Directors' Report and financial statements for the 52 week period ended 30 March 2013

The Company is incorporated in England and Wales as a limited company The registered office and principal place of business of the Company is Burneside Mills, Burneside, Kendal, LA9 6PZ

Principal activities

The principal activity of the Company is the converting of paper It is a wholly owned subsidiary of James Cropper plc

Business review

The Company reported an operating profit for the year of £1,032,000 (2012 £238,000)

Turnover was up 25% with volume up by 25% Over the course of the financial year sales in US dollars accounted for 30% of the Company's turnover which was in line with the previous year Sales of mount board and digital printing grades into the USA grew by 24% and 40% respectively Mount board sales outside the USA, mainly into the UK market, grew by 8% Display board sales were up 52%

The results for the Company show a pre-tax profit of £674,000 (2012 loss of £4,000) for the period and sales of £13,707,000 (2012 £10,997,000)

Future Developments

Sales into the Art & Framing and Sign & Display market are expected to hold up in the current year Work on selling our digital inkjet products through new channels will be underpinned by the launch of new products

Principal risks and uncertainties

The directors of James Cropper plc manage the Group's risks at a Group level, rather than at an individual business unit level For this reason, the Company's directors believe that a discussion of the Group's risks would not be appropriate for an understanding of the development, performance or position of James Cropper Converting Limited's business The principal risks and uncertainties of James Cropper plc, which include those of the Company, are discussed in the Chairman's Review, the Financial Review and Divisional Review for Converting contained within the annual report of James Cropper plc and consequently do not form part of this report

Key performance indicators ("KPIs")

The directors of James Cropper plc manage the Group's operations on a divisional basis For this reason, the Company's directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of James Cropper Converting Limited The development, performance and position of the Converting division which includes the Company, is discussed in the Chairman's Review, the Financial Review and Divisional Review for Converting contained within the annual report of James Cropper plc and consequently do not form part of this report

Results and dividends

The results are set out on page 6 The directors recommend payment of a dividend during the year of £500,000 *(2012 £nil)*

Directors' Report *(continued)*

Post Balance Sheet events

There are no post Balance Sheet events to be reported

Research and development

The Company invests in research and development to ensure that the range and quality of products are continually updated

Employee involvement

A monthly briefing on performance is carried out for all employees All employees have access to a copy of the Annual Report As a matter of policy, plans are formally discussed with those who will use new equipment, plant and computer systems before designs are finalised Safety improvement teams deal with day-to-day aspects of safety improvements Departmental personnel meetings allow representatives to make valuable contributions on aspects of training, organisation and performance

Employment of disabled people

It is the Company policy to give equality of opportunity when considering applications from disabled people where the job requirements are considered to be within their ability When existing employees become disabled they are retained wherever reasonable and practicable The Company tries to provide equal promotion opportunities wherever possible

Directors and their interests

The directors who held office during the period are given below,

A I Lewis (Resigned 15 August 2012)

J Denman

P I Wild (Appointed 8 October 2012)

M Thompson

The interests of J Denman, A I Lewis and P I Wild, who are directors of the ultimate parent company, James Cropper plc, are given in the annual report of that company M Thompson was appointed as a director of James Cropper plc on 10 June 2013

Disclosure of information to auditor

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

Auditor

Our auditor, KPMG Audit Plc, have notified the Company that they are not seeking reappointment The directors have decided to put KPMG LLP forward to be appointed as auditor and a resolution concerning their appointment will be put forward at the forthcoming AGM of the company

By order of the board

D. R. Carey

D R Carey
Secretary

30 July 2013

Statement of directors' responsibilities in respect of the Directors' Report and the 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS101 *Reduced Disclosure Framework*

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

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

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

KPMG

KPMG Audit Plc
Edward VII Quay
Navigation Way
Preston
PR2 2YF
United Kingdom

Independent auditor's report to the members of James Cropper Converting Limited

We have audited the financial statements of James Cropper Converting Limited for the 52 week period ended 30 March 2013 set out on pages 6 to 19 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS101 *Reduced Disclosure Framework*

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 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 30 March 2013 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Independent auditor's report to the members of James Cropper Converting Limited *(continued)*

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

Michael Frankish
(Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
Edward VII Quay
Navigation Way
Preston
PR2 2YF

30 July 2013

Statement of Profit and Loss Account and Other Comprehensive Income

for the 52 week period ended 30 March 2013 (2012. 52 week period ended 31 March 2012)

	Note	2013	2012
		£000	£000
Continuing operations			
Turnover		**13,707**	10,997
Changes in stocks of finished goods and work in progress		**11**	142
Raw materials and consumables used		**(8,726)**	(7 062)
Energy costs		**(121)**	(105)
Staff costs	*14*	**(2,059)**	(2 023)
Depreciation	*3*	**(311)**	(310)
Other expenses		**(1,469)**	(1,401)
Operating profit		**1,032**	238
Interest payable	*2*	**(359)**	(243)
Interest receivable	*2*	**1**	1
Profit before tax	*3*	**674**	(4)
Taxation	*4*	**(147)**	397
Total comprehensive income for the period attributable to equity holders of the company		**527**	393

Balance Sheet
at 30 March 2013

	Note	**2013** **£000**	2012 £000
Fixed assets			
Tangible assets	6	**2,499**	2,716
Total fixed assets		**2,499**	2,716
Current assets			
Stocks	7	**2,887**	2,648
Trade and other debtors	8	**5,901**	5,321
Cash at bank and in hand		**270**	2
Total current assets		**9,058**	7,971
Current liabilities			
Trade and other creditors	9	**(3,176)**	(2,255)
Short-term borrowings	10	**(47)**	(20)
Intercompany loans	10	**(4,750)**	(5 000)
Current tax liabilities		**(113)**	(6)
Total current liabilities		**(8,086)**	(7,281)
Net current assets		**972**	690
Total assets less current liabilities		**3,471**	3,406
Non-current liabilities			
Long-term borrowings	10	**(189)**	(82)
Deferred tax liabilities	12	**(475)**	(544)
Total non-current liabilities		**(664)**	(626)
Total assets and liabilities		**2,807**	2,780
Capital and reserves			
Ordinary share capital	13	**1,600**	1 600
Preference share capital	13	**3**	3
Share premium		**344**	344
Retained earnings		**860**	833
Total shareholders' funds attributable to equity holders of the company		**2,807**	2,780

These financial statements were approved by the board of directors on 30 July 2013 and were signed on its behalf by

Phil I Wild
Director
Registered number 04690526

Statement of Changes in Equity
for the 52 week period ended 30 March 2013

	Share capital £000	Share premium £000	Retained earnings £000	Total £000
At 2 April 2011	**1,603**	**344**	**440**	**2,387**
Profit for the financial period	-	-	393	393
Dividends paid	-	-	-	-
Total contributions by and distributions to owners of the Group	-	-	-	-
At 31 March 2012	**1,603**	**344**	**833**	**2,780**
Profit for the financial period	-	-	527	527
Dividends paid	-	-	(500)	(500)
Total contributions by and distributions to owners of the Group	-	-	(500)	(500)
At 30 March 2013	**1,603**	**344**	**860**	**2,807**

Notes

(forming part of the financial statements)

1 Accounting policies

James Cropper Converting Limited ('the Company') is a company incorporated in the UK

The principal accounting policies adopted in the preparation of these financial statements are set out below These policies have been consistently applied to all the years presented, unless otherwise stated

Basis of preparation

The accounting "year" for the Company is a 52 week accounting period ending 30 March 2013 *(2012 52 week accounting period ended 31 March 2012)*

These financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101")

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken

In these financial statements, the company has adopted early FRS 101 and for the first time

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures

- a Cash Flow Statement and related notes,
- Disclosures in respect of transactions with wholly owned subsidiaries ,
- The effects of new but not yet effective IFRSs,

As the consolidated financial statements of James Cropper plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures

- The disclosures required by IFRS 7 *Financial Instrument Disclosures*

The financial statements are prepared on the historical cost basis of accounting except where IFRS requires assets and liabilities to be measured at fair value

The financial statements have been prepared on a going concern basis

Use of estimates and judgements

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and judgements that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates

The following are the policies and accompanying notes are where the assumptions and judgements made by management could have an impact on the Company's financial statements

Note 6 Tangible fixed assets

It is the Company's policy to depreciate categories within tangible fixed assets on a straight line basis over their estimated useful lives A key element of this policy is the estimate of the useful life applied to each category of asset which in turn determines the annual depreciation charge Variations in asset lives could affect Group profit through an increase or decrease in the depreciation charge

Note 7 Stocks

In the course of normal trading activities management uses its judgement to establish the net realisable value of its stocks Provisions are established for obsolete or slow moving stocks, based on past practice, current conditions and aged stock facts available to management

Notes *(continued)*

1 Accounting Policies *(continued)*

Note 8 Trade debtors

In estimating the collectability of trade debtors judgement is required

Impairment of assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired Where an indicator of impairment exists, the Company makes an estimate of recoverable amount Where the carrying value of an asset exceeds its recoverable amount the asset is written down to its recoverable amount Recoverable amount is the higher of fair value less costs to sell and value in use and is deemed for an individual asset If the asset does not generate cash flows that are largely independent of those from other assets or groups of assets, the recoverable amount of the cash generating unit to which the asset belongs is determined Discount rates reflecting the asset specific risks and the time value of money are used for the value in use calculation

Turnover recognition

Turnover is recognised when the significant risks and rewards of ownership have been transferred to the customer For the majority of customers this is when delivery has been made or specifically when title has passed, the point at which title passes varying in accordance with the terms and conditions of trade Turnover is recognised when the amount of the turnover and related costs can be measured reliably and the collectability of the related debtor is reasonably assured

Turnover is measured at the fair value of the amount received or receivable which is arrived at after deducting trade rebates, customer returns and value added tax Shipping and handling costs, such as freight to our customers' destination are included in cost of sales These costs, when included in the sales price charged for our products are recognised in net sales

Foreign currencies

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction Monetary assets and liabilities denominated in foreign currencies at the Balance Sheet date are translated at the foreign exchange rate ruling at that date Foreign exchange differences arising on translation are recognised in the Profit and Loss Account Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction

The assets and liabilities of foreign operations are translated at foreign exchange rates ruling at the Balance Sheet date The turnover and expenses of foreign operations are translated at an average rate for the period where this rate approximates to the foreign exchange rates ruling at the dates of the transactions Exchange differences arising from translation of foreign operations are taken directly to the translation reserve, they are released into the Profit and Loss Account upon disposal

Research and development

Research expenditure is recognised as an expense as incurred Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the IAS38 conditions are met Other development expenditures are recognised as an expense as incurred Development costs with a finite useful life that have been capitalised are amortised from the commencement of the commercial production of the product on a straight-line basis over the period of its expected benefit, not exceeding 5 years

Retirement benefits

James Cropper plc operates various pension schemes The schemes are generally funded through payments to trustee-administered funds, determined by periodic actuarial valuations James Cropper plc has both defined benefit and defined contribution plans A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement A defined contribution plan is a pension plan under which James Cropper plc pays fixed contributions The Company makes contributions to its parent company in respect of the defined benefit and defined contribution pension schemes

Notes *(continued)*

1 Accounting Policies *(continued)*

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost less residual value of each asset evenly over its expected useful life, as follows

Freehold land and buildings	14 – 40 years
Fixtures, fittings, plant and machinery	4 – 20 years

Residual values and useful lives are reviewed annually

Stocks

Stocks are stated at the lower of cost and net realisable value The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) It excludes borrowing costs Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses

Grants

Capital grants are credited to a deferral account and released to income over the expected useful lives of the relevant assets Grants of a revenue nature are credited to the Profit and Loss Account in the period to which they relate

Leasing

Leases are classified as finance leases at inception where substantially all of the risks and rewards of ownership are transferred to the Company Assets classified as finance leases are capitalised on the Balance Sheet and are depreciated over the expected useful life of the asset The interest element of the rental obligation is charged to the Profit and Loss Account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding Operating lease payments are charged to the Profit and Loss Account in the appropriate period

Taxation

Tax on the Profit and Loss Account for the year comprises current and deferred tax Tax is recognised in the Profit and Loss Account except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes The following temporary differences are not provided for the initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the Balance Sheet date

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised

Financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at each Balance Sheet date The resulting gain or loss on re-measurement is recognised in the Profit and Loss Account, unless hedge accounting is applicable There were no material balances at the year end

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivable They are included in current assets, except those with maturities greater than twelve months after the Balance Sheet date, which are classified as non-current assets Loans and receivables are included within trade and other debtors in the Balance Sheet

The fair value of financial instruments traded in active markets is based on quoted market prices at the Balance Sheet date

Notes *(continued)*

1 Accounting Policies *(continued)*

Cash

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts Bank overdrafts are shown as borrowings within current liabilities on the Balance Sheet Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management

Borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Profit and Loss Account over the period of the borrowings using the effective interest method

Interest

Interest is recognised in the consolidated Profit and Loss Account on an accruals basis using the effective interest method

Trade debtors

Trade debtors are recorded at their fair value after appropriate revision of impairment

Trade creditors

Trade creditors are stated at their fair value

Capital Management

Company capital includes share capital, reserves and retained earnings The Company's policy is to maintain the ability to continue as a going concern, in order to provide returns to the shareholder and benefits to other stakeholders The Company invests in financial assets that will provide an adequate level of return to the shareholder commensurate with the level of risk

The Company manages the capital structure and adjusts this in light of the changes in the economic conditions and risk associated with the underlying assets In order to maintain or adjust the capital structure, the Company may adjust the amount of any dividend paid to the shareholder, return capital to the shareholder, issues new shares, or sell assets to reduce debt The Company is not subject to any externally imposed capital requirements There have been no material changes in the management of capital during the period

Going Concern

The Directors, having considered the current trading prospects, identifiable risks, working capital requirements and the availability of finance are of the opinion that the Company is a going concern The accounts have been prepared on this basis

2 Finance costs

	2013	2012
	£000	£000
Interest payable		
Intercompany loan interest	**313**	212
Interest payable on finance leases	**11**	5
Other interest payable	**35**	26
Total interest payable	**359**	243
Interest receivable		
Bank interest receivable	**1**	1
Total interest receivable	**1**	1

Notes *(continued)*

3 Profit before tax

The following items have been included in arriving at profit before tax	**2013** **£000**	2012 £000
Staff costs (note 14)	**2,059**	2,023
Depreciation of tangible fixed assets		
- Owned assets	**292**	302
- Leased assets	**19**	8
Repairs and maintenance expenditure on tangible fixed assets	**264**	260
Research and development expenditure	**80**	152
Other operating lease rentals payable		
- Plant and machinery	**20**	51
Foreign exchange differences	**(42)**	5
Trade debtors (reversal of impairment)/impairment	**(6)**	6
Services provided by the company's auditor and network firms		
Fees for the audit of the company	**8**	8

4 Taxation

	2013 **£000**	2012 £000
Current tax		
United Kingdom corporation tax on profits for the period	**223**	7
Adjustments in respect of prior period current tax	**(7)**	(301)
Total current tax	**216**	(294)
Deferred tax		
Current	**(49)**	(39)
Adjustments in respect of prior period deferred tax	**1**	(57)
Effects of changes in tax rates	**(21)**	(7)
Total deferred tax (note 12)	**(69)**	(103)
Total tax charge/(credit)	**147**	(397)

The tax for the period is lower *(2012 lower)* than the standard rate of corporation tax in the UK (24%) The differences are explained below

	2013 **£000**	2012 £000
Profit/(loss) before tax	**674**	(4)
Profit multiplied by rate of corporation tax in the UK of 24% *(2012 26%)*	**162**	(1)
Effects of		
Adjustments to tax in respect of prior period	**(6)**	(308)
Group relief unpaid	**-**	-
Non deductable/non taxable items	**12**	13
Effects of other tax rates	**(21)**	(57)
Group relief	**-**	(55)
Fixed asset timing differences	**-**	13
Small companies rate relief	**-**	(2)
Total tax charge/(credit) for the period	**147**	(397)

Notes *(continued)*

5 Dividends

	2013 £000	2012 £000
Dividends on equity shares:		
Ordinary £0 31 per share *(2012 £nil)*	**500**	-

6 Tangible fixed assets

	Freehold land and buildings £000	Fixtures, fittings, plant & machinery £000	Total £000
Cost			
At 31 March 2012	2,084	2,459	4,543
Transfers to group companies	-	(49)	(49)
Additions at cost	-	99	99
Disposals	-	(220)	(220)
At 30 March 2013	2,084	2,289	4,373
Accumulated Depreciation			
At 31 March 2012	536	1,291	1,827
Transfers to group companies	-	(44)	(44)
Charge for the period	59	252	311
Disposals	-	(220)	(220)
At 30 March 2013	595	1,279	1,874
Net book value			
At 30 March 2013	**1,489**	**1,010**	**2,499**
At 31 March 2012	1 548	1,168	2,716

	Freehold land and buildings £000	Fixtures, fittings, plant & machinery £000	Total £000
Cost			
At 2 April 2011	2,084	2,378	4,462
Transfers to group companies	-	(479)	(479)
Additions at cost	-	560	560
At 31 March 2012	2,084	2,459	4,543
Accumulated Depreciation			
At 2 April 2011	476	1,046	1,522
Transfers to group companies	-	(5)	(5)
Charge for the period	60	250	310
At 31 March 2012	536	1,291	1,827
Net book value			
At 31 March 2012	**1,548**	**1,168**	**2,716**
At 2 April 2011	1,608	1,332	2,940

Notes *(continued)*

6 Tangible fixed assets *(continued)*

Assets held under finance leases, capitalised and included in tangible fixed assets

	2013	2012
	£000	£000
Brought forward NBV	**108**	-
Additions in period	**163**	116
Depreciation in period	**(19)**	(8)
	252	108

7 Stocks

	2013	2012
	£000	£000
Raw materials	**2,473**	2,245
Work in progress	**58**	43
Finished goods	**356**	360
	2,887	2,648

Stocks are stated after a provision for impairment of £nil *(2012 £nil)*

The cost of stocks recognised as expenses and included in cost of sales for the year ended 30 March 2013 is £11,897,000 *(2012 £9,497,000)*

8 Trade and other debtors

	2013	2012
	£000	£000
Trade debtors	**2,681**	1,939
Less Provision for impairment of debtors	**-**	(6)
Trade debtors – net	**2,681**	1,933
Amounts owed by group undertakings	**3,220**	3,382
Prepayments	**-**	6
	5,901	5,321

Management believe there is no further credit risk provision required in excess of normal provision for doubtful debtors

9 Trade and other creditors

	2013	2012
	£000	£000
Trade creditors	**506**	242
Amounts owed to group undertakings	**2,276**	1,811
Other tax and social security creditor	**51**	44
Accruals	**343**	154
Other creditors	**-**	4
	3,176	2,255

Notes *(continued)*

10 Borrowings

	2013	2012
	£000	£000
Current		
Intercompany loans	**4,750**	5,000
Secured finance lease	**47**	20
	4,797	5,020

The intercompany loans are unsecured and repayable on demand There is a formal loan agreement in place stating interest is charged at 6 25% *(2012 6 25%)*

	2013	2012
	£000	£000
Non-current		
Secured finance lease	**189**	82
	189	82

The future minimum lease payments under finance leases held, together with the value of principal are as follows

	Minimum lease payments 2013 £000	Interest 2013 £000	Principal 2013 £000	Minimum lease payments 2012 £000	Interest 2012 £000	Principal 2012 £000
Within one year	**61**	**14**	**47**	27	7	20
Greater than one year and less than two years	**200**	**22**	**178**	28	6	22
Greater than two years and less than five years	**12**	**1**	**11**	65	5	60
	273	**37**	**236**	120	18	102

11 Retirement benefits

James Cropper plc operates two defined benefit retirement schemes covering the majority of full time employees of James Cropper plc and its subsidiaries These schemes are called the James Cropper plc Works Pension Plan ("Works Scheme") and the James Cropper plc Pension Scheme ("Staff Scheme") Contributions to the schemes are based on the cost of providing pensions across the participating companies Costs are not defined for each individual company as the Company is unable to identify its share of the underlying assets and liabilities in the scheme Contributions payable by James Cropper Speciality Papers Limited are charged to the Profit and Loss Account in the period they fall due

As from 1 April 2011 active members' benefits have been reduced such that future increases in pensionable salaries are restricted to RPI up to a maximum of 2% per annum Thus the Staff and Works Schemes will remain defined benefit schemes but they will no longer be "final salary" schemes The most recent actuarial valuations of the Staff Scheme and the Works Scheme have been updated to 30 March 2013 by qualified independent actuaries The major assumptions used by the actuary for each scheme were as noted below The expected return on plan assets is calculated by using a weighted average across each category of asset

	Staff Scheme 2013 %	Staff Scheme 2012 %	Works Scheme 2013 %	Works Scheme 2012 %
Inflation assumption	**3.3**	3 2	**3 3**	3 2
Rate of increase in pensionable salaries	**2.0**	2 0	**2 0**	2 0
Discount rate	**4 7**	5 0	**4.7**	5 0
Allowance for pension in payment increases of RPI or 5% p a if less (subject to minimum of 3% p a)	**3 5**	3 4	**3 5**	3 4
Allowance for revaluation of deferred pensions of CPI or 5% p a if less on the Staff scheme or RPI or 2 5% p a if less on the Works scheme	**2.65**	2 65	**2 5**	2 5
Expected return on plan assets	**5.0**	5 6	**5 0**	5 9

Notes *(continued)*

11 Retirement benefits *(continued)*

In respect of mortality for the Works members the PA92 series table has been used with the medium cohort projections applied, and a plus three year age rating For the Staff members the PNA00 tables with a 120% rating has been used with the long cohort projections and a 1% underpin The different tables and methods applied to each Scheme reflect the different characteristics of the members within these Schemes

The long-term expected rate of return on cash is determined by reference to bank base rates at the statement of financial position rates The long-term expected return on bonds is determined by reference to UK long dated government and corporate bond yields at the statement of financial position date The long-term expected return on equities is based on the rate of return on bonds with an allowance for out-performance Following the Government's change in the statutory inflation measure for pension increases and legal advice provided to the Trustees of the Schemes, allowance has been made for the rate of increase in some scheme benefits to be linked to the CPI measure of inflation in the future This has been allowed for as a change in assumptions within Other Comprehensive Income

The fair value of the plan assets comprises the following categories of asset in the stated proportions

	Staff Scheme		**Works Scheme**	
	2013	2012	**2013**	2012
	%	%	**%**	%
Equities	**71**	49	**80**	54
Bonds	**-**	16	**-**	40
Property	**-**	-	**-**	1
Cash	**1**	3	**-**	5
Annuities	**6**	6	**-**	-
Corporate Bonds	**-**	26	**-**	-
Nominal Liability Strategy	**22**	-	**20**	-

The pension plan assets do not include any investments in the shares of James Cropper Plc *(2012 £nil)*

Analysis of the movement in the defined benefit obligation (DBO) and scheme assets

	Works Scheme		**Staff Scheme**		Works Scheme		Staff Scheme	
	Assets	**DBO**	**Assets**	**DBO**	Assets	DBO	Assets	DBO
	2013	**2013**	**2013**	**2013**	2012	2012	2012	2012
	£'000	**£'000**	**£'000**	**£'000**	£'000	£'000	£'000	£'000
B/f	**35,922**	**(41,037)**	**34,385**	**(36,968)**	35,445	(36,288)	32,744	(33,305)
Expected return on assets	**2,101**	**-**	**1,919**	**-**	2,326	-	2,130	-
Current service costs	**-**	**(679)**	**-**	**(484)**	-	(851)	-	(449)
Benefits paid	**(1,505)**	**1,505**	**(1,587)**	**1,587**	(1,695)	1,695	(1,203)	1,203
Contributions by plan participants	**334**	**(334)**	**211**	**(211)**	344	(344)	218	(218)
Employer contributions	**893**	**-**	**804**	**-**	940	-	817	-
Interest cost	**-**	**(2,019)**	**-**	**(1,808)**	-	(1,977)	-	(1,812)
Actuarial (losses)/gains	**(197)**	**(2,463)**	**1,479**	**(2,201)**	(1,438)	(3 272)	(321)	(2 387)
At 30 March 2013	**37,548**	**(45,027)**	**37,211**	**(40,085)**	35,922	(41 037)	34 385	(36,968)

The actual return on plan assets was £5,302,000 *(2012 £2,697,000)* James Cropper Plc expects to pay £749,000 *(2012 £792,000)* in contributions to the Staff Scheme and £829,000 *(2012 £971,000)* in contributions to the Works Scheme in the next financial period

The pension contributions charged to the Profit and Loss Account in the year amounted to £178,000

Notes *(continued)*

12 Deferred taxation

The movement on the deferred tax account is shown below

	2013	2012
	£000	£000
At 31 March 2012/2 April 2011	**544**	647
Credit for the year	**(69)**	(103)
At 30 March 2013/31 March 2012	**475**	544

	Accelerated capital allowances
	£000
Deferred tax liabilities	
At 31 March 2012	544
Income statement charge (note 4)	(69)
At 30 March 2013	475

The movements in deferred tax assets and liabilities (prior to the offsetting of balances within the same legal jurisdiction as required by IAS 12) during the period are shown below

Under the Finance Act 2012, the main rate of UK corporation tax was reduced from 25% to 24% with effect from 1 April 2012 and from 24% to 23% with effect from 1 April 2013 The tax rate change to 23% was substantively enacted by the balance sheet date and therefore the effect of the rate of reduction on the deferred tax balances has been included in the figures above

The Chancellor has also announced further reductions in the main rate of UK corporation tax, to 21% with effect from 1 April 2014 and to 20% from 1 April 2015 These reductions have not been substantially enacted and the changes are not reflected in the above figures

13 Share capital

	2013	2012
	£000	£000
Issued and fully paid		
1,600,001 *(2012 1,600,001)* ordinary shares of £1 each	**1,600**	1,600
327,448 *(2012 327,448)* preference shares of £0 01 each	**3**	3

Notes *(continued)*

14 Employees and directors

	2013 £000	2012 £000
Staff costs during the period		
Wages and salaries	**1,730**	1 723
Social security costs	**151**	148
Pension costs	**178**	152
	2,059	2,023

The average monthly number of people (including executive directors) employed was 54 *(2012 58)*

Directors emoluments	2013 £000	2012 £000
Aggregate emoluments	**140**	124
Company contributions paid to a defined contribution pension scheme on behalf of one director	**8**	5
	148	129

P I Wild and J M Denman are also directors of the ultimate parent undertaking, James Cropper plc, and their emoluments are paid by the parent company Details of their remuneration from the parent undertaking are given in the annual report of that company M Thompson was appointed as a director of James Cropper plc on 10 June 2013

15 Commitments under operating leases

	2013 Plant and Machinery £000	2012 Plant and Machinery £000
Commitments under non-cancellable operating leases expiring:		
Within one year	**15**	-
Greater than one year and less than five years	**-**	36

16 Capital commitments

	2013 £000	2012 £000
Contracts placed for future capital expenditure not provided in the financial statements	**-**	34

17 Contingent liabilities

A group right of set off exists between the overdrafts of the Company, its parent company, James Cropper plc, and its fellow subsidiaries, Technical Fibre Products Limited and James Cropper Speciality Papers Limited

18 Ultimate parent undertaking and controlling party

The ultimate parent company and ultimate controlling party is James Cropper plc, a company registered in England and Wales, and which has prepared group accounts incorporating the results of James Cropper Converting Limited Copies of these accounts can be obtained from Burneside Mills, Kendal, Cumbria, LA9 6PZ