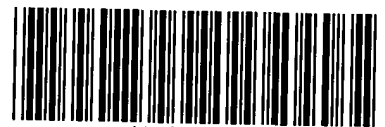


Company Registration No. 06752963 (England and Wales)

**MELCAIN LIMITED**  
**ANNUAL REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

FRIDAY



\*A4CASOF5\*

A05

24/07/2015

#181

COMPANIES HOUSE

# MELCAIN LIMITED

## DIRECTORS AND ADVISERS

---

<b>Directors</b>	J Newman A Levene J Kellington J Goldstone (Appointed 20 June 2014)
<b>Secretary</b>	J Kellington
<b>Company number</b>	06752963
<b>Registered office</b>	C/o UHY Hacker Young St James Building 79 Oxford Street Manchester M1 6HT
<b>Registered auditors</b>	UHY Hacker Young Manchester LLP St James Building 79 Oxford Street Manchester M1 6HT
<b>Bankers</b>	The Co-Operative Bank plc 1 Balloon Street Manchester M60 4EP

---

# MELCAIN LIMITED

## CONTENTS

---

	<b>Page</b>
Strategic report	1
Directors' report	2 - 3
Independent auditors' report	4 - 5
Consolidated profit and loss account	6
Balance sheets	7
Consolidated cash flow statement	8
Notes to the consolidated cash flow statement	9
Notes to the financial statements	10 - 20

---

# MELCAIN LIMITED

## STRATEGIC REPORT

**FOR THE YEAR ENDED 31 DECEMBER 2014**

---

The directors present the strategic report and financial statements for the year ended 31 December 2014.

### Review of the business

The directors consider the results of the group to be in line with expectations for the year in terms of turnover, and well above expectations regarding gross margin.

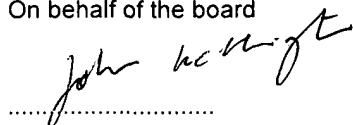
As stated in the accounts for 2013, our financial risk objective is to minimise exposure to foreign exchange risk, and to ensure the business manages its surplus cash to reduce any financial costs possible. This was achieved to a greater extent than expected in 2014 by moving banks to HSBC. We expect there to be a greater effect in 2015.

Our main KPI's are gross profit and debtor days. Gross profit increased from £6.4m in 2013 to £6.7m in 2014. This was due in the main to new product lines. We expect this to continue in 2015.

Debtor days again remained under 60 for the 3rd year in a row which achieves our objective.

Our non-financial objective is the reduction of staff sick days. This showed a decrease again from 5.1 per employee to 3.7. The national average is 4.1.

On behalf of the board



J Kellington

Director

13/4/15

# MELCAIN LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2014

---

The directors present their report and financial statements for the year ended 31 December 2014.

#### Principal activities

The company has not traded in the period. The principal activity of the company continued to be that of a holding company.

The principal activity of the group relates to that of to that of the subsidiary company, Eurosimm Limited, which is the supply of IT products.

#### Results and dividends

The consolidated profit and loss account for the year is set out on page 6.

An interim ordinary dividend was paid amounting to £800,211. The directors do not recommend payment of a final dividend.

#### Future developments

We continue to source alternative suppliers from the UK and Europe, and have various alternative product distribution opportunities to explore in 2014.

#### Directors

The following directors have held office since 1 January 2014:

J Newman

A Levene

J Kellington

J Goldstone

(Appointed 20 June 2014)

#### Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, 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 group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# MELCAIN LIMITED

## DIRECTORS' REPORT (CONTINUED)

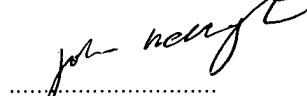
**FOR THE YEAR ENDED 31 DECEMBER 2014**

---

### Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the group's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the group's auditors are aware of that information.

On behalf of the board



J Kellington

Director

13/7/15

# MELCAIN LIMITED

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MELCAIN LIMITED

---

We have audited the group and parent company financial statements (the "financial statements") of Melcain Limited for the year ended 31 December 2014 set out on pages 6 to 20. 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 auditors' 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 auditors**

As explained more fully in the Directors' Responsibilities Statement, 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**

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

### **Opinion on financial statements**

In our opinion the financial statements:

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

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

# MELCAIN LIMITED

## INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE MEMBERS OF MELCAIN LIMITED

---

### 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

  
Mark Robertson (Senior Statutory Auditor)  
for and on behalf of UHY Hacker Young Manchester LLP

Chartered Accountants  
Statutory Auditor

13/7/15

St James Building  
79 Oxford Street  
Manchester  
M1 6HT



# MELCAIN LIMITED

## CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2014

---

	Notes	2014 £	2013 £
Turnover	2	45,046,181	47,302,620
Cost of sales		(38,393,769)	(40,870,680)
<b>Gross profit</b>		<u>6,652,412</u>	<u>6,431,940</u>
Distribution costs		(422,117)	(425,348)
Administrative expenses		(4,366,113)	(4,160,108)
<b>Operating profit</b>	3	<u>1,864,182</u>	<u>1,846,484</u>
Interest payable and similar charges	4	(1,148)	(74,592)
<b>Profit on ordinary activities before taxation</b>		<u>1,863,034</u>	<u>1,771,892</u>
Tax on profit on ordinary activities	5	(427,816)	(451,746)
<b>Profit on ordinary activities after taxation</b>		<u><u>1,435,218</u></u>	<u><u>1,320,146</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

# MELCAIN LIMITED

## BALANCE SHEETS

AS AT 31 DECEMBER 2014

		Group		Company	
	Notes	2014	2013	2014	2013
		£	£	£	£
<b>Fixed assets</b>					
Intangible assets	8	1,162,867	1,245,929	-	-
Tangible assets	9	270,155	200,810	-	-
Investments	10	-	-	4,142,420	4,142,420
		<u>1,433,022</u>	<u>1,446,739</u>	<u>4,142,420</u>	<u>4,142,420</u>
<b>Current assets</b>					
Stocks	11	4,263,090	3,547,220	-	-
Debtors	12	8,062,939	7,102,039	1,000	1,000
Cash at bank and in hand		337,818	600,782	-	-
		<u>12,663,847</u>	<u>11,250,041</u>	<u>1,000</u>	<u>1,000</u>
<b>Creditors: amounts falling due within one year</b>	13	(9,005,328)	(8,242,519)	(4,142,420)	(4,142,420)
<b>Net current assets</b>		<u>3,658,519</u>	<u>3,007,522</u>	<u>(4,141,420)</u>	<u>(4,141,420)</u>
<b>Total assets less current liabilities</b>		<u>5,091,541</u>	<u>4,454,261</u>	<u>1,000</u>	<u>1,000</u>
<b>Provisions for liabilities</b>	14	(28,922)	(26,649)	-	-
		<u>5,062,619</u>	<u>4,427,612</u>	<u>1,000</u>	<u>1,000</u>
<b>Capital and reserves</b>					
Called up share capital	16	1,000	1,000	1,000	1,000
Profit and loss account	17	5,061,619	4,426,612	-	-
<b>Shareholders' funds</b>	18	<u>5,062,619</u>	<u>4,427,612</u>	<u>1,000</u>	<u>1,000</u>

Approved by the Board and authorised for issue on 13/1/15

J Kellington  
Director

Company Registration No. 06752963

# MELCAIN LIMITED

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

	£	2014 £	£	2013 £
<b>Net cash inflow from operating activities</b>		892,983		1,336,767
<b>Returns on investments and servicing of finance</b>				
Interest paid	-		2,397	
<b>Net cash (outflow)/inflow for returns on investments and servicing of finance</b>		-		2,397
<b>Taxation</b>		(445,619)		(350,901)
<b>Capital expenditure</b>				
Payments to acquire tangible assets	(112,470)		(65,861)	
Receipts from sales of tangible assets	-		4,733	
<b>Net cash outflow for capital expenditure</b>		(112,470)		(61,128)
<b>Equity dividends paid</b>		(800,211)		(518,069)
<b>Net cash (outflow)/inflow before management of liquid resources and financing</b>		(465,317)		409,066
<b>Financing</b>				
Invoice discounting	210,322		254,242	
Repayment of short term bank loan	-		(82,663)	
Repayment of other long term loans	(7,969)		(610,880)	
<b>Net cash outflow from financing</b>		202,353		(439,301)
<b>Decrease in cash in the year</b>		(262,964)		(30,235)

# MELCAIN LIMITED

## NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

1	Reconciliation of operating profit to net cash inflow from operating activities	2014	2013
		£	£
	Operating profit	1,864,182	1,846,484
	Depreciation of tangible assets	36,508	32,488
	Amortisation of intangible assets	83,062	83,062
	(Loss)/profit on disposal of tangible assets	6,617	(4,733)
	Increase in stocks	(715,870)	(1,036,231)
	(Increase)/decrease in debtors	(960,900)	(971,131)
	Increase/(decrease) in creditors within one year	579,384	1,386,827
	Net cash inflow from operating activities	892,983	1,336,767

2	Analysis of net funds	1 January 2014	Cash flow	Other non-	31 December 2014
		£	£	cash changes	£
	Net cash:				
	Cash at bank and in hand	600,782	(262,964)	-	337,818
	Debts falling due within one year	(2,799,274)	(202,353)	(1,148)	(3,002,775)
	Net funds	(2,198,492)	(465,317)	(1,148)	(2,664,957)

3	Reconciliation of net cash flow to movement in net funds	2014	2013
		£	£
	Decrease in cash in the year	(262,964)	(30,235)
	Cash outflow from decrease in debt	(202,353)	439,301
	Change in net debt resulting from cash flows	(465,317)	409,066
	Other non cash changes	(1,148)	(76,989)
	Movement in net funds in the year	(466,465)	332,077
	Opening net funds/(debt)	(2,198,492)	(2,530,569)
	Closing net funds	(2,664,957)	(2,198,492)

# MELCAIN LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

---

### 1 Accounting policies

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

#### 1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

#### 1.3 Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertaking made up to 31 December 2014. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

#### 1.4 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

#### 1.5 Goodwill

Goodwill arising on the acquisition of subsidiary undertakings and representing the excess of the consideration given over the fair value of the identifiable net assets acquired, has been capitalised in the group balance sheet and is amortised over its estimated economic life, being 20 years.

#### 1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Leasehold	15% reducing balance
Fixtures, fittings & equipment	15% reducing balance
Motor vehicles	25% straight line

#### 1.7 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

#### 1.8 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

#### 1.9 Stock

Work in progress is valued at the lower of cost and net realisable value.

#### 1.10 Pensions

The Group operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

#### 1.11 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

# MELCAIN LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

### 1 Accounting policies (Continued)

#### 1.12 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

### 2 Turnover

The total turnover of the group for the year has been derived from its principal activity.

#### Segmental analysis by geographical area

The analysis by geographical area of the group's turnover is set out as below:

	2014 £	2013 £
<b>Geographical segment</b>		
UK	24,455,554	22,661,443
Rest of Europe	18,865,890	22,355,331
Rest of the world	1,724,737	2,285,846
	<u>45,046,181</u>	<u>47,302,620</u>

<b>3 Operating profit</b>	<b>2014 £</b>	<b>2013 £</b>
Operating profit is stated after charging:		
Amortisation of intangible assets	83,062	83,062
Depreciation of tangible assets	36,508	32,488
Loss on disposal of tangible assets	6,617	-
Loss on foreign exchange transactions	-	131,914
Operating lease rentals	97,677	98,545
Fees payable to the group's auditor for the audit of the group's annual accounts - the cost of the parent company audit of £2,000 (2013 - £2,000) is borne by the subsidiary company.	20,950	21,550
Tax advisory services	3,000	2,740
Other services	-	825
and after crediting:		
Profit on disposal of tangible assets	-	(4,733)
Profit on foreign exchange transactions	(13,595)	-
	<u>(13,595)</u>	<u>(4,733)</u>

# MELCAIN LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

<b>4</b>	<b>Interest payable</b>	<b>2014</b>	<b>2013</b>
		<b>£</b>	<b>£</b>
	On other loans wholly repayable within five years	-	(2,397)
	Other interest	1,148	76,989
		<u>1,148</u>	<u>74,592</u>
<b>5</b>	<b>Taxation</b>	<b>2014</b>	<b>2013</b>
		<b>£</b>	<b>£</b>
	<b>Domestic current year tax</b>		
	U.K. corporation tax	425,543	445,619
	<b>Total current tax</b>	<u>425,543</u>	<u>445,619</u>
	<b>Deferred tax</b>		
	Deferred tax charge/credit current year	2,273	6,127
		<u>427,816</u>	<u>451,746</u>
	<b>Factors affecting the tax charge for the year</b>		
	Profit on ordinary activities before taxation	<u>1,863,034</u>	<u>1,771,892</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 21.49% (2013 - 23.25%)	<u>400,366</u>	<u>411,965</u>
	Effects of:		
	Non deductible expenses	31,739	38,837
	Depreciation add back	7,846	6,453
	Capital allowances	(12,592)	(11,570)
	Other tax adjustments	(1,816)	(66)
		<u>25,177</u>	<u>33,654</u>
	<b>Current tax charge for the year</b>	<u>425,543</u>	<u>445,619</u>
<b>6</b>	<b>Profit for the financial year</b>		
	As permitted by section 408 Companies Act 2006, the holding company's profit and loss account has not been included in these financial statements. The profit for the financial year is made up as follows:		
		<b>2014</b>	<b>2013</b>
		<b>£</b>	<b>£</b>
	Holding company's profit for the financial year	<u>800,211</u>	<u>518,069</u>

# MELCAIN LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

---

<b>7</b>	<b>Dividends</b>	<b>2014</b>	<b>2013</b>
		<b>£</b>	<b>£</b>
	Ordinary interim paid	800,211	518,069
		<u>          </u>	<u>          </u>
<b>8</b>	<b>Intangible fixed assets</b>		
	<b>Group</b>		
			<b>Goodwill</b>
			<b>£</b>
	<b>Cost</b>		
	At 1 January 2014 & at 31 December 2014		1,661,239
			<u>          </u>
	<b>Amortisation</b>		
	At 1 January 2014		415,310
	Charge for the year		83,062
			<u>          </u>
	At 31 December 2014		498,372
			<u>          </u>
	<b>Net book value</b>		
	At 31 December 2014		1,162,867
			<u>          </u>
	At 31 December 2013		1,245,929
			<u>          </u>

---



# MELCAIN LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

### 9 Tangible fixed assets

Group	Land and buildings Leasehold £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
<b>Cost</b>				
At 1 January 2014	78,204	321,131	49,153	448,488
Additions	79,871	12,026	20,573	112,470
Disposals	-	(9,035)	-	(9,035)
At 31 December 2014	158,075	324,122	69,726	551,923
<b>Depreciation</b>				
At 1 January 2014	61,674	169,669	16,335	247,678
On disposals	-	(2,418)	-	(2,418)
Charge for the year	2,479	23,525	10,504	36,508
At 31 December 2014	64,153	190,776	26,839	281,768
<b>Net book value</b>				
At 31 December 2014	93,922	133,346	42,887	270,155
At 31 December 2013	16,530	151,462	32,818	200,810

# MELCAIN LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

### 10 Fixed asset investments Company

	Shares in group undertakings £
<b>Cost</b>	
At 1 January 2014 & at 31 December 2014	4,142,420
<b>Net book value</b>	
At 31 December 2014	4,142,420
At 31 December 2013	4,142,420

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

#### Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Class	Shares held %
<b>Subsidiary undertakings</b>			
Eurosimm Limited	England and Wales	Ordinary	100.00

The principal activity of these undertakings for the last relevant financial year was as follows:

	Principal activity
Eurosimm Limited	Supply of IT products

All companies detailed above are included within these consolidated accounts.

### 11 Stocks

	Group 2014 £	2013 £	Company 2014 £	2013 £
Finished goods and goods for resale	4,263,090	3,547,220	-	-

# MELCAIN LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

### 12 Debtors

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Trade debtors	7,053,223	6,390,393	-	-
Called up share capital not paid	1,000	1,000	1,000	1,000
Other debtors	873,546	517,318	-	-
Prepayments and accrued income	135,170	193,328	-	-
	<u>8,062,939</u>	<u>7,102,039</u>	<u>1,000</u>	<u>1,000</u>

### 13 Creditors : amounts falling due within one year

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Trade creditors	4,031,541	2,549,123	-	-
Amounts owed to group undertakings	-	-	4,142,420	3,616,382
Corporation tax	425,543	445,619	-	-
Taxes and social security costs	341,109	203,674	-	-
Directors current accounts	653,050	518,069	-	518,069
Other creditors	10,164	46,052	-	7,969
Invoice discounting	3,002,775	2,792,453	-	-
Accruals and deferred income	541,146	1,687,529	-	-
	<u>9,005,328</u>	<u>8,242,519</u>	<u>4,142,420</u>	<u>4,142,420</u>

The invoice discounting facility is secured against the debts to which it relates.

# MELCAIN LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

### 14 Provisions for liabilities Group

	Deferred taxation £
Balance at 1 January 2014	26,649
Profit and loss account	2,273
Balance at 31 December 2014	<u>28,922</u>

The deferred tax liability is made up as follows:

	Group 2014 £	2013 £	Company 2014 £	2013 £
Accelerated capital allowances	<u>28,922</u>	<u>26,649</u>	<u>-</u>	<u>-</u>

### 15 Retirement benefits

#### Defined contribution scheme

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund.

	2014 £	2013 £
Contributions payable by the group for the year	<u>54,265</u>	<u>37,500</u>

### 16 Share capital

	2014 £	2013 £
<b>Allotted, called up and fully paid</b>		
85,000 "A" Ordinary shares of 1p each	850	850
15,000 "B" Ordinary shares of 1p each	150	150
	<u>1,000</u>	<u>1,000</u>

The Ordinary A shares and Ordinary B shares rank parri passu in all respects.

Options have been granted to certain directors under the Melcain Limited Enterprise Management Incentive Scheme, at a redeemable option price of £41.42 per share. The options are only exercisable upon the sale of the company. At 31 December 2014 options had been granted, and had not expired, in respect of 11,110 (2013 - 11,110) "A" Ordinary shares of £0.01 under this scheme.

# MELCAIN LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

### 17 Statement of movements on profit and loss account Group

	Profit and loss account £
Balance at 1 January 2014	4,426,612
Profit for the year	1,435,218
Dividends paid	(800,211)
Balance at 31 December 2014	<u>5,061,619</u>

### Company

	Profit and loss account £
Profit for the year	800,211
Dividends paid	(800,211)
Balance at 31 December 2014	<u>-</u>

### 18 Reconciliation of movements in shareholders' funds Group

	2014 £	2013 £
Profit for the financial year	1,435,218	1,320,146
Dividends	(800,211)	(518,069)
Net addition to shareholders' funds	<u>635,007</u>	<u>802,077</u>
Opening shareholders' funds	4,427,612	3,625,535
Closing shareholders' funds	<u>5,062,619</u>	<u>4,427,612</u>

	2014 £	2013 £
Profit for the financial year	800,211	518,069
Dividends	(800,211)	(518,069)
Net depletion in shareholders' funds	<u>-</u>	<u>-</u>
Opening shareholders' funds	1,000	1,000
Closing shareholders' funds	<u>1,000</u>	<u>1,000</u>

# MELCAIN LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

### 19 Contingent liabilities

#### Group

The subsidiary entered into forward foreign exchange commitments in the normal course of business. The principal functional currencies involved were EUR, ZAR and USD and at the balance sheet date the sterling equivalent of the outstanding contracts amounted to £96,321 (2013 - £544,522).

20 Directors' remuneration	2014 £	2013 £
Remuneration for qualifying services	171,428	560,076
Group pension contributions to defined contribution schemes	21,370	21,078
	<u>192,798</u>	<u>581,154</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2013 - 3).

### 21 Employees

#### Number of employees

The average monthly number of employees (including directors) during the year was:

	2014 Number	2013 Number
Directors	3	3
Sales and administration	54	47
	<u>57</u>	<u>50</u>

Employment costs	2014 £	2013 £
Wages and salaries	2,243,419	2,465,950
Social security costs	205,734	227,764
Other pension costs	54,265	37,500
	<u>2,503,418</u>	<u>2,731,214</u>

### 22 Control

The ultimate controlling parties are A Levene and J Newman by virtue of their shareholdings and directorship of the company.

# MELCAIN LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

---

### 23 Related party transactions

#### Group

Included in creditors are balances due to the directors of £94,472 (2013 - £nil) due to J Kellington, £261,398 (2013 - £nil) due to A Levene and £297,180 (2013 - £nil) due to J Newman.

#### Company

A dividend of £800,211 (2013 - £518,069) has been paid to the director's. A balance of £nil (2013 - £220,179) is due to J Newman, £nil (2013 - £220,179) is due to A Levene, and a balance of £nil (2013 - £77,711) is due to J Kellington.

The company has taken advantage of the exemption available in FRS 8 "Related party disclosures" whereby it has not disclosed transactions with any wholly owned subsidiary undertaking.