BARKERS ENGINEERING LIMITED

Registered number 00597466

Annual Report and Financial Statements
For the year ended 31 December 2014

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Strategic report

Principal activity
The principal activity of the Company is the manufacture and supply of fencing and related products, galvanizing and powder coating.

Business review and future developments
Overview – Turnover for the year was £21,000,000 (2013: £16,433,000), while profit on ordinary activities before taxation amounted to £908,000 (2013: £62,000). Better UK economic conditions meant there was a significant improvement in UK sales compared with 2013.

Strategy – The increased demand in the market has enabled the Company to invest in plant and equipment to increase production capacity, in order to deliver higher volumes and improve efficiencies within our manufacturing operations.

Corporate Social Responsibility – The Company recognises the importance of balancing the interest of key stakeholders – employees, customers, shareholders, suppliers and the wider community in which it operates. The Company remains committed to a continuous improvement in its environmental performance to ensure that its activities comply with environmental standards and legislation.

Health and Safety – Health and safety remains core to the Company's business. The Company is committed to a continuous improvement in its health and safety performance and its activities comply with health and safety standards and legislation. Further details of the Group's health and safety activities can be found in the Hill & Smith Holdings PLC annual report.

Outlook – UK fencing market conditions improved in 2014, with the Company well placed to take advantage of the upturn. Volumes in the market are expected to remain strong in 2015 and there are also signs that the UK high security market is improving, where the Company has continued to develop new products to satisfy this niche. Whilst overseas markets remain challenging, the Company has more export opportunities than in recent years and expects results in this area to improve in the coming year.

Principal risks and uncertainties
The Board continues to develop policies and procedures that reflect the nature and scale of the Company's business. These are designed to identify, mitigate and manage risk. The Board has identified the following key areas of risk to the business: decline in demand from export markets and the threat of new entrants to the market now that the UK economy is in a growth phase.

Key performance indicators
The Group's key performance indicators are commented on in detail in the Hill & Smith Holdings PLC annual report. Those that specifically relate to the Company are as follows:

Financial – The Company considers revenue, operating profit, operating margin and net cash flow from operating activities to be its principal financial key performance indicators.

Non-financial – Health and safety, energy efficiency, emissions, use of recycled products and waste management are all principal areas of focus for the Company.

By order of the Board

C A Henderson
Secretary

30 April 2015

Westhaven House
Arleston Way
Shirley
Solihull
West Midlands
B90 4LH

Directors' report

The directors present their report and audited Financial Statements for the year ended 31 December 2014.

Research and development
The Company spent £nil on research and development during the year (2013: £13,000).

Dividends
A dividend payment of £500,000 has been made in the year ended 31 December 2014 *(2013: £2,000,000)*. There are no proposed dividends.

Directors
The directors serving during the year and in the period up to the date of this report, none of whom has any beneficial interest in the shares of the Company, were as follows:

G Dale
D W Muir
M Pegler
R Ridgway
A Rowe

Political contributions
The Company made no political donations or incurred any political expenditure during the year.

Employees
Details of the number of employees and related costs can be found in note 6 to the Financial Statements.
Applications for employment by disabled persons are considered fully, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

The Company participates in Hill & Smith Holdings PLC's policies and practices to keep employees informed on matters relevant to them as employees through appropriate means, such as employee meetings and newsletters.

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
Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the Board

C A Henderson
Secretary

30 April 2015

Westhaven House
Arleston Way
Shirley
Solihull
West Midlands
B90 4LH

Statement of directors' responsibilities in respect of the strategic report, the directors' report and the Financial Statements

The directors are responsible for preparing the strategic report, 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).

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.

Independent auditor's report to the members of Barkers Engineering Limited

We have audited the Financial Statements of Barkers Engineering Limited for the year ended 31 December 2014 set out on pages 5 to 24. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 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 web-site at www.frc.org.uk/auditscopeukprivate.

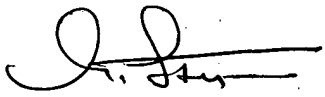
Opinion on Financial Statements
In our opinion the Financial Statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2014 and of its 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.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the Financial Statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Michael Steventon (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH
United Kingdom

30 April 2015

Profit and loss account

for the year ended 31 December 2014

	Note	Year ended 31 December 2014 £000	Year ended 31 December 2013 £000
Turnover	2	**21,000**	16,433
Cost of sales		**(17,139)**	(13,707)
Gross profit		**3,861**	2,726
Distribution costs		**(1,045)**	(964)
Administrative expenses		**(1,896)**	(1,751)
Other operating income		**-**	-
Operating profit before reorganisation costs		**920**	11
Reorganisation costs	3	**-**	-
Operating profit		**920**	11
Profit on sale of fixed assets	4	**-**	-
Income from shares in subsidiary undertakings		**-**	-
Profit on ordinary activities before interest and taxation		**920**	11
Interest receivable	7	**21**	64
Interest payable and similar charges	8	**(33)**	(13)
Profit on ordinary activities before taxation	4	**908**	62
Taxation on profit on ordinary activities	9	**(200)**	(133)
Profit/(loss) for the financial year		**708**	(71)

All operations are continuing.

There were no recognised gains or losses during the current or preceding year apart from the profit/(loss) for the financial year shown above.

The notes on pages 8 to 24 form part of these financial statements.

Balance sheet

as at 31 December 2014

	Note	2014		2013	
		£000	£000	£000	£000
Fixed assets					
Intangible assets	*10*		**12**		18
Tangible assets	*11*		**1,390**		1,436
Investments	*12*		-		-
			1,402		1,454
Current assets					
Stocks	*13*	**2,200**		2,004	
Debtors	*14*	**4,323**		4,229	
Cash at bank and in hand		**2,019**		800	
		8,542		7,033	
Creditors: Amounts falling due within one year	*15*	**(7,199)**		(5,924)	
Net current assets			**1,343**		1,109
Total assets less current liabilities			**2,745**		2,563
Creditors: Amounts falling due after more than one year	*16*		-		-
Provisions for liabilities and charges	*17*		**(33)**		(59)
Net assets			**2,712**		2,504
Capital and reserves					
Called up share capital	*18*		**1,840**		1,840
Share premium account	*19*		-		-
Revaluation reserve	*19*		-		-
Capital redemption reserve	*19*		-		-
Other reserves	*19*		-		-
Profit and loss account	*19*		**872**		664
Equity shareholder's funds			**2,712**		2,504

The notes on pages 8 to 24 form part of these financial statements.

These Financial Statements were approved by the board of directors and signed on their behalf by:

G Dale
Director

A Rowe
Director

Date: 30 April 2015

Reconciliation of movements in shareholder's funds

for the year ended 31 December 2014

	Note	**Year ended 31 December 2014 £000**	Year ended 31 December 2013 £000
Profit/(loss) for the financial year		**708**	(71)
Dividends paid	*23*	**(500)**	(2,000)
Retained profit/(loss)		**208**	(2,071)
Share capital issued during the year		**-**	-
Increase/(decrease) in shareholder's funds		**208**	(2,071)
Opening shareholder's funds		**2,504**	4,575
Closing shareholder's funds		**2,712**	2,504

Notes

(forming part of the Financial Statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Financial Statements.

Basis of accounting

The Financial Statements have been prepared under the historical cost convention and in accordance with applicable UK GAAP Accounting Standards.

Going concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in the strategic report on page 1.

The company participates in the Group's centralised treasury and banking arrangements, along with its parent and certain fellow subsidiaries, as shown in note 20. However, the directors have no reason to believe that a material uncertainty exists for the Company since the directors of the Company's parent, Hill & Smith Holdings PLC, have already signed the Annual Report and Accounts for the same period on a going concern basis. The directors of the Company therefore have evidence of the Group's ability to continue in operational existence for the foreseeable future with its current banking arrangements. Thus they continue to adopt the going concern basis of accounting in preparing the annual Financial Statements.

Consolidation

In accordance with Section 400 of the Companies Act 2006, consolidated accounts have not been prepared as the Company is a wholly owned subsidiary of Hill & Smith Holdings PLC, a company incorporated in England, which has prepared consolidated Financial Statements to include the results of the Company.

Investments in subsidiary undertakings

Investments in subsidiary undertakings are stated at cost less amounts written off for impairment. Investments are reviewed for impairment where events or circumstances indicate that their carrying value may not be recoverable.

Cash flow statement

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated Financial Statements.

Tangible Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Plant, equipment and vehicles	-	4 to 20 years
Land and buildings	-	50 years
Leasehold assets	-	the life of the lease

Stocks and work in progress

These are valued on a "first-in, first-out" basis at the lower of cost and net realisable value. In respect of work in progress and finished goods, cost includes all production overheads and the attributable proportion of indirect overhead expenses.

Taxation

The charge for taxation is based on the profit or loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.
Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed at the balance sheet date, except as otherwise required by FRS 19.

Notes *(continued)*

1 Accounting policies *(continued)*

Foreign currency
Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at closing rates at the balance sheet date and the gains or losses on translation included in the Profit and Loss Account.

Turnover
Turnover, which excludes value added tax and trade discounts, represents the invoiced value of goods and services supplied.

Goodwill
Goodwill arising on acquisitions (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) is capitalised as a fixed asset and amortised on a straight line basis over its estimated useful economic life up to a maximum of 20 years.

Other intangible assets
Other intangible assets identified, such as customer lists, are valued at their fair value at the time of acquisitions and are capitalised as a fixed asset which is amortised on a straight line basis over its estimated useful economic life up to a maximum of 20 years.

Research and development
Expenditure on development activities may be capitalised if the product or process is considered to be technically and commercially viable and the Company has sufficient resources to complete development.

The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the Profit and Loss Account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses. Amortisation is provided equally over the estimated useful economic life of the assets concerned currently up to 7 years.

Pension scheme arrangements
The Company participates in the Hill & Smith Executive Pension Scheme and the Hill & Smith Pension Scheme, as described in note 22.

As the Company is unable to identify its share of the Group pension scheme assets in respect of the defined benefit sections on a consistent and reasonable basis, as permitted by FRS 17 the schemes are accounted for as if they are defined contribution schemes.

Contributions in respect of defined contribution schemes are charged to the profit and loss account in the period to which they relate.

Leased assets
Assets held under leases which confer rights and obligations similar to those attaching to owned assets are capitalised as tangible fixed assets and the corresponding liability to pay rentals is shown net of interest in the accounts as obligations under finance leases. Interest is calculated on the reducing balance basis and is charged over the period of the lease.

All other leases are regarded as operating leases and the total payments made under them are charged to the profit and loss account on a straight-line basis over the lease term.

Notes *(continued)*

1 Accounting policies *(continued)*

Share based payments

The share option programme allows employees to acquire shares of the ultimate parent company Hill & Smith Holdings PLC. The fair value of options granted after 7 November 2002 and those not yet vested by 31 December 2004 are not recognised as an employee expense, those vested 1 January 2005 onwards are expensed with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using an option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting.

Share-based payments are recharged by the ultimate parent company to participating subsidiary undertakings on an annual basis.

Where the Company's parent grants rights to its equity instruments to the Group's or the Company's employees, which are accounted for as equity-settled in the consolidated accounts of the parent, the Group or the Company as the case may be account for these share-based payments as equity settled.

Dividends

Dividends are recognised in the Financial Statements in the period in which they are approved by the Company's shareholders.

Classification of financial instruments issued by the Company

Following the adoption of FRS 25, financial instruments issued by the Company are treated as equity (i.e. forming part of shareholder's funds) only to the extent that they meet the following two conditions:

a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and

b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these Financial Statements for called up share capital and share premium account exclude amounts in relation to those shares.

Notes *(continued)*

2 Turnover

The turnover of the company is derived from the following geographical markets:

	2014	2013
	£000	£000
United Kingdom	**20,599**	15,792
Rest of Europe	**311**	430
North America	**-**	-
Asia	**-**	-
Rest of the world	**90**	211
	21,000	16,433

In the opinion of the directors, there is only one class of business.

3 Reorganisation costs

There were no reorganisation costs in the year *(2013: £nil).*

4 Profit on ordinary activities before taxation

	2014	2013
	£000	£000
Profit on ordinary activities before taxation is stated		
after charging:		
Depreciation:		
Owned assets	**346**	370
Leased assets	**-**	-
Amortisation of intangible assets	**6**	15
Impairment of fixed assets	**-**	-
Operating leases:		
Plant and equipment	**66**	72
Other assets	**200**	216
Auditor's remuneration	**11**	12
Research and development expenditure	**-**	13
Foreign exchange loss	**-**	-
Loss on sale of fixed assets	**4**	-
after crediting:		
Rental income from operating leases	**-**	-
Grant income	**-**	-
Foreign exchange gain	**-**	-
Profit on sale of fixed assets	**-**	-

Fees paid to KPMG LLP and its associates for non-audit services to the company itself are not disclosed because Hill & Smith Holdings PLC Group accounts are required to disclose such fees on a consolidated basis.

Notes *(continued)*

5 Remuneration of directors

Aggregate directors' remuneration for the year was as follows:

	2014	2013
	£000	£000
Emoluments	**320**	377
Compensation for loss of office	**-**	-
Company contributions to money purchase pension schemes	**14**	31
	334	408
	Number	Number
Directors exercising share options	**-**	2
Directors who are members of defined benefit pension schemes	**-**	-

The remuneration of the highest paid director excluding pension contributions was £154,000 *(2013: £177,000)*. His accrued pension entitlement per annum at the year-end was £67,000 *(2013: £65,000)*.

6 Staff numbers and costs

The average number of persons employed by the company (including directors) all of whom were involved in the principal activity was:

	2014	2013
	Number	Number
Production	**135**	112
Administration	**18**	23
Sales and distribution	**15**	13
	168	148

The aggregate payroll costs of these persons were:	**£000**	£000
Wages and salaries	**3,703**	3,209
Share-based payment (see note 24)	**13**	15
Social security costs	**388**	295
Other pension costs	**84**	100
	4,188	3,619

Notes *(continued)*

7 Interest receivable

	2014 £000	2013 £000
Bank interest receivable	**21**	64
Deposit interest receivable	**-**	-
On loans to group undertakings	**-**	-
Other interest receivable	**-**	-
	21	64

8 Interest payable and similar charges

	2014 £000	2013 £000
Bank interest payable	**1**	-
Other loan interest payable	**-**	-
Finance charges payable in respect of finance leases and hire purchase contracts	**-**	-
On loans from group undertakings	**32**	13
Other interest payable	**-**	-
	33	13

9 Taxation on profit on ordinary activities

Analysis of charge in year

	2014 £000	2013 £000
UK corporation tax		
Current tax on income for the year	**234**	180
Relating to the prior year	**(8)**	(4)
Current tax charge	**226**	176
Deferred tax (see note 17)		
Origination/reversal of timing differences	**(26)**	(30)
Relating to the prior year	**-**	-
Effect of change in tax rate	**-**	(13)
Total tax charge	**200**	133

Notes *(continued)*

9 Taxation on profit on ordinary activities *(continued)*

Factors affecting tax charge for the year
The effective current tax rate for the year is higher *(2013: higher)* than the standard rate of corporation tax in the UK. The differences are explained below:

	2014	2013
	£000	£000
Current tax reconciliation		
Profit on ordinary activities before taxation	**908**	62
Profit on ordinary activities multiplied by the effective rate of corporation tax in the UK of 21.50% *(2013: 23.25%)*	**195**	14
Effects of:		
Expenses not deductible for tax purposes	**10**	(7)
Differences between capital allowances and depreciation	**26**	36
Income and expenditure timing differences	**3**	(1)
Non-taxable dividend income	**-**	-
Group relief received for no payment	**-**	138
Double tax relief	**-**	-
Deductible items not charged against profit	**-**	-
Relating to the prior year	**(8)**	(4)
Current tax charge	**226**	176

From 1 April 2014 the main rate of corporation tax in the UK reduced from 23% to 21%.

On 20 March 2013, the UK Government also announced that the main rate of corporation tax in the UK would further reduce to 20% from 1 April 2015. This change was substantively enacted on 2 July 2013. The deferred tax asset/liability provided at the balance sheet date has therefore been calculated at 20% on the basis that it will materially reverse after 1 April 2015.

Notes *(continued)*

10 Intangible assets

	Goodwill £000	Other intangibles £000	Capitalised R&D £000	Total £000
Cost				
At 1 January 2014	-	-	116	116
Acquisitions	-	-	-	-
Additions	-	-	-	-
Disposals	-	-	-	-
At 31 December 2014	**-**	**-**	**116**	**116**
Amortisation				
At 1 January 2014	-	-	98	98
Charge for the year	-	-	6	6
Disposals	-	-	-	-
At 31 December 2014	**-**	**-**	**104**	**104**
Net book value				
At 31 December 2014	**-**	**-**	**12**	**12**
At 31 December 2013	-	-	18	18

There were no acquisitions during the year.

Notes *(continued)*

11 Tangible fixed assets

	Land and buildings £000	Plant, equipment and vehicles £000	Total £000
Cost			
At 1 January 2014	-	5,605	5,605
Acquisitions	-	-	-
Additions	-	304	304
Disposals	-	(575)	(575)
At 31 December 2014	**-**	**5,334**	**5,334**
Depreciation			
At 1 January 2014	-	4,169	4,169
Impairment	-	-	-
Charge for the year	-	346	346
Disposals	-	(571)	(571)
At 31 December 2014	**-**	**3,944**	**3,944**
Net book value			
At 31 December 2014	**-**	**1,390**	**1,390**
At 31 December 2013	-	1,436	1,436

The gross book value of land and buildings includes freehold land of £nil *(2013: £nil).*

The cost or valuation figures for property include no valuation on an open market value for existing use basis.

The amount of revalued property as determined according to the historical cost accounting rule is:

	2014 £000	2013 £000
Cost	-	-
Impairment	-	-
	-	-

Included within plant, equipment and vehicles are assets held for hire with an accumulated cost of £nil *(2013: £nil)* and accumulated depreciation of £nil *(2013: £nil).*

Included in the total net book value of plant, equipment and vehicles is £nil *(2013: £nil)* in respect of assets held under finance leases and similar hire purchase contracts.

Notes *(continued)*

12 Investments

	Shares in subsidiary undertakings £000
Cost	
At 1 January 2014	-
Additions	-
Disposals	-
At 31 December 2014	-
Provisions	
At 1 January 2014	-
Provided	-
Disposals	-
At 31 December 2014	-
Net realisable value	
At 31 December 2014	-
At 31 December 2013	-

There were no investments at the beginning and end of the year.

13 Stocks

	2014	2013
	£000	£000
Raw material and consumables	**1,285**	1,112
Work in progress	**915**	892
Finished goods	**-**	-
	2,200	2,004

Notes *(continued)*

14 Debtors

	2014 £000	2013 £000
Trade debtors	**3,585**	3,539
Amounts owed by group undertakings	**603**	520
Corporation tax	**-**	-
Deferred tax	**-**	-
Prepayments and accrued income	**135**	170
Other tax and social security	**-**	-
Other debtors	**-**	-
	4,323	4,229

Intercompany loans are unsecured and with no fixed repayment date. Interest is charged at a rate equivalent to the Group's average borrowing rate for the year.

15 Creditors: amounts falling due within one year

	2014 £000	2013 £000
Bank loans and overdrafts	**26**	53
Obligations under finance leases and similar hire purchase contracts	**-**	-
Bills of exchange	**-**	-
Trade creditors	**4,112**	3,307
Amounts owed to group undertakings	**1,952**	1,698
Other creditors	**65**	54
Corporation tax	**236**	182
Other tax and social security	**396**	344
Accruals and deferred income	**412**	286
	7,199	5,924

Intercompany loans are unsecured and with no fixed repayment date. Interest is charged at a rate equivalent to the Group's average borrowing rate for the year.

Notes *(continued)*

16 Creditors: amounts falling due after more than one year

	2014 £000	2013 £000
Bank loans and overdrafts	-	-
Obligations under finance leases and similar hire purchase contracts	-	-
Grants	-	-
	-	-
Obligations under finance leases are payable as follows:		
Within one year	-	-
In the second to fifth year	-	-
	-	-

17 Provisions for liabilities and charges

	Deferred tax £000	Other provisions £000	Total £000
At 1 January 2014	59	-	59
Profit and loss account	(26)	-	(26)
Effect of change in tax rate	-	-	-
Utilised during the year	-	-	-
Transferred to/(from) debtors (note 14)	-	-	-
At 31 December 2014	**33**	**-**	**33**

There are no other provisions.

Details of amounts provided for deferred taxation follow:

	2014 £000	2013 £000
Difference between accumulated depreciation, amortisation and capital allowances	**43**	66
Other timing differences	**(10)**	(7)
	33	59

Notes *(continued)*

18 Called up share capital

	2014 £000	2013 £000
Allotted, called up and fully paid		
1,840,000 ordinary shares of £1 each	**1,840**	1,840
Nil "A" ordinary shares of £1 each	**-**	-
Nil "B" ordinary shares of £1 each	**-**	-
Nil deferred shares of £1 each	**-**	-
	1,840	1,840

19 Share premium and reserves

	Share premium account £000	Revaluation reserve £000	Capital redemption reserve £000	Profit and loss account £000
At 1 January 2014	-	-	-	664
Profit on ordinary activities after tax	-	-	-	708
Dividends	-	-	-	(500)
At 31 December 2014	**-**	**-**	**-**	**872**

20 Contingent liabilities

The Company is a party to cross guarantees given for bank loans and overdrafts of the ultimate parent company and certain fellow subsidiaries amounting to £119,141,000 *(2013: £116,593,000)*.

The Company has no other guarantees *(2013: £nil)*.

21 Commitments

	Land and buildings		Other	
	2014 £000	2013 £000	**2014 £000**	2013 £000
Operating leases which expire:				
Within one year	-	-	**23**	12
Within two to five years	**177**	177	**69**	73
After more than five years	**-**	-	**-**	-
	177	177	**92**	85

The Company had capital expenditure contracted but not provided in the Financial Statements at the year end of £nil *(2013: £nil)*.

At the year end, the Company had no forward currency commitments.

Notes *(continued)*

22 Pension Scheme

The Company is a subsidiary of Hill & Smith Holdings PLC and participates in the Hill & Smith Executive Pension Scheme and the Hill & Smith Pension Scheme, the former providing benefits on a defined benefit basis and the second scheme providing benefits that are on a defined benefit and a defined contribution basis. Details of the schemes and their most recent actuarial valuation are contained in the Financial Statements of Hill & Smith Holdings PLC.

The pension cost for the year represent contributions payable by the Company to the fund and amounted to £84,000 *(2013: £100,000).*

23 Dividends

	2014	2013
	£000	£000
Aggregate amount of dividends paid in the financial year	**500**	2,000

24 Share-based payments

Employees of the Company have been granted various options in the ultimate parent company, which have given rise to charges related to the implied share-based payments, the details of which follow:

Under Executive Share Option Schemes, options may be awarded at the discretion of the Committee to acquire Ordinary Shares at an exercise price no lower than the market value of a share at the date of grant. The options can only be exercised between three and ten years after the date of grant. Additionally options may only be exercised if the growth in underlying earnings per share of the Company over a three year period is not less than the increase in the Retail Price Index plus nine per cent, over the same period.

Long term incentive plans (LTIP) are shares awarded in the Hill & Smith Holdings PLC to select senior management within the Group. The maximum award to any individual is 100% of their basic salary and generally can not be assigned or transferred. The size and final vesting of the award is based on the Group's underlying EPS and TSR performance over a three year period.

Notes *(continued)*

24 Share-based payments *(continued)*

The ShareSave Schemes are open to all employees who have completed at least six months' continuous service. Under this scheme the Company can, if it thinks fit, grant options at a price up to twenty per cent below the market price.

	Number of shares	**2014 Option price (p)**	Number of shares	2013 Option price (p)	Date first exercisable	Expiry date
2005 Executive Share Option Scheme (granted October 2005)	-	**205**	-	205	4 Oct 2008	4 Oct 2015
2007 Executive Share Option Scheme (granted April 2007)	-	**350**	-	350	13 Apr 2010	13 Apr 2017
2012 Executive Share Option Scheme (granted April 2012)	**25,000**	**316**	25,000	316	19 Apr 2015	19 Apr 2022
2014 grant of 2014 LTIP Award	-	-	-	-	^	^
2013 grant of 2007 LTIP Award	-	-	-	-	^	^
2012 grant of 2007 LTIP Award	-	-	-	-	^	^
2011 grant of 2007 LTIP Award	-	-	-	-	^	^
2008 (Dec) grant of 2005 Savings Related Share Option Scheme#	-	**246**	-	246	1 Dec 2013	1 Jun 2014
2011 (Jan) grant of 2005 Savings Related Share Option Scheme#	**42,239**	**238**	42,239	238	1 Jan 2016	1 Jul 2016
2013 (Apr) grant of 2005 Savings Related Share Option Scheme#	**37,939**	**355**	49,346	355	1 Jun 2018	1 Dec 2018
2014 (Jul) grant of 2005 Savings Related Share Option Scheme#	**14,679**	**429**	-	-	1 Aug 2017	1 Feb 2018
2014 (Jul) grant of 2005 Savings Related Share Option Scheme#	**16,122**	**429**	-	-	1 Aug 2019	1 Feb 2020
Outstanding at the end of the year	**135,979**		116,585			
Exercisable at the year end	-		-			
Not exercisable at the year end	**135,979**		116,585			
Outstanding at the end of the year	**135,979**		116,585			

^ Awards lapse on the earlier of the award holder ceasing their employment or the applicable performance conditions not being met. The earliest possible date for award is 1 January 2015 for the 2012 grant, 1 January 2016 for the 2013 grant and 1 January 2017 for the 2014 grant.

Options may be exercised early under the terms of this scheme if employees meet the criteria of 'good leaver', which encompasses circumstances such as retirement or redundancy.

The fair value of services received in return for share options granted is measured by reference to the fair value of the share options granted. The estimate of the fair value of the services received is measured based on the Black-Scholes model. The contractual life is the life of the option in question and the growth in dividend yield is based on the best current estimate of future yields over the contractual period.

Notes *(continued)*

24 Share-based payments *(continued)*

	2011 (Jan) grant of 2005 Savings Related Share Option Scheme	2008 (Dec) grant of 2005 Savings Related Share Option Scheme	2012 grant of 2005 Share Option Scheme	2007 grant of 2005 Share Option Scheme	2005 grant of 2005 Share Option Schemes
Fair value at measurement date	44p	3p/3p	41p	59p	34p
Share price at grant date	290p	160p	316p	351p	208p
Exercise price	238p	246p	316p	350p	205p
Expected volatility	21%	28%/24%	28%	22%	36%
Option life (years)	5	3/5	3	3	3
Dividend yield	4.4%	4.6%	4.2%	3.7%	3.7%
Risk free interest rate	1.6%	1.8%/2.8%	0.6%	5.1%	4.5%

	2014 grant of 2014 LTIP Award	2013 grant of 2007 LTIP Award	2012 grant of 2007 LTIP Award	2014 (Jul) grant of 2005 Savings Related Share Option Scheme	2013 (Apr) grant of 2005 Savings Related Share Option Scheme
Fair value at measurement date	556p/260p	443p/248p	337p/194p	93p/98p	83p
Share price at grant date	556p	443p	337p	512p	429p
Exercise price	0p	0p	0p	429p	355p
Expected volatility	23%	29%	28%	22%/21%	26%
Option life (years)	3	3	3	3/5	5
Dividend yield	0.0%	0.0%	0.0%	3.1%	3.5%
Risk free interest rate	1.1%	0.3%	0.6%	1.2%/2.0%	0.7%

The expected volatility is wholly based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility due to publicly available information.

The total expense recognised for the period arising from share based payments is as follows:

	2014 £000	2013 £000
Expensed during the year	13	15

25 Related party transactions

As an ultimately wholly owned subsidiary of Hill & Smith Holdings PLC, the Company has taken advantage of the exemption available under FRS 8: Related party transactions not to disclose transactions that have been made between the Company and other fellow subsidiaries of Hill & Smith Holdings PLC.

Notes *(continued)*

26 Ultimate parent company

The immediate parent of the Company is Hill & Smith Galvanized Products Limited.

The ultimate parent of the Company is Hill & Smith Holdings PLC, a company registered in England. Copies of the Group Financial Statements may be obtained from Group headquarters:

Westhaven House
Arleston Way
Shirley
Solihull
B90 4LH

27 Post balance sheet events

There were no significant post balance sheet events.