HCL Safety Limited

Annual report

for the year ended 31 March 2015

Registered number: 2691137

HCL Safety Limited

Annual report for the year ended 31 March 2015

Contents | **Pages**

HCL Safety Limited

Directors and advisers

Directors

A P Le Cornu
G C M Duff
R A Orton

Company secretary and registered office

R A Orton
HCL Safety Limited
c/o Latchways plc
Hopton Park
Devizes
Wiltshire
SN10 2JP

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

Solicitors

Olswang LLP
90 High Holborn
London
WC1V 6XX

Bankers

HSBC Bank plc
Level 4
3 Temple Quay
Bristol
BS1 6ER

HCL Safety Limited

Strategic report for the year ended 31 March 2015

The directors present their report and the audited financial statements for the year ended 31 March 2015 for HCL Safety Limited (company number 2691137).

Business review and principal activities

The results for the year are set out in the statement of comprehensive income. The financial statements for the year have been presented in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. For further information, please refer to note 1 to the financial statements.

The directors are pleased to report continued profitability for the year to 31 March 2015 and good prospects for the future. The directors expect to generate future business growth through continuing to invest in the existing activities of the company.

The principal activity of the company is the installation and maintenance of fall protection systems and other equipment.

Key performance indicators ("KPIs")

The directors of the parent company, Latchways plc manage the group's operations on a divisional basis. The development, performance and position of the Safety services division of Latchways plc includes the performance of the company. 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 HCL Safety Limited business.

Principal risks and uncertainties

The directors of the parent company, Latchways 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 company's risks would not be appropriate for an understanding of the development, performance or position of HCL Safety Limited's business. The principal risks and uncertainties of Latchways plc, which include those of HCL Safety Limited, are discussed in the Operating and Financial Review of the Latchways plc Annual Report, which does not form part of this report.

Financial risk management

The directors of the parent company, Latchways plc, manage financial 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 company's financial risks would not be appropriate for an understanding of the development, performance or position of HCL Safety Limited's business. The financial risks of Latchways plc, which include those of HCL Safety Limited, are discussed in the Operating and Financial Review of the Latchways plc Annual Report, which does not form part of this report.

By order of the board

R A Orton
Company secretary
17 December 2015

HCL Safety Limited

Directors' report for the year ended 31 March 2015

Dividends and transfers to reserves

A dividend of £600,000 (2014: £750,000) was paid during the year to HCL Group plc. The directors do not recommend any further dividend payments for the year ended 31 March 2015.

Directors

The directors of the company during the year were

A P Le Cornu
D N Hearson (resigned 27 Oct 2015)
R A Orton

Directors' liability insurance

During the year the company maintained an insurance policy which indemnifies the directors of the company in respect of loss arising from claims made against them in connection with the performance of their duties.

Statement of directors' responsibilities

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 the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union 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 company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

HCL Safety Limited

Directors' report for the year ended 31 March 2015 (continued)

Disclosure of information to auditors

PricewaterhouseCoopers LLP are the auditors of HCL Safety Limited.

For each of the persons who were directors at the time this report was prepared, the following applies:

- so far as the directors are aware, there is no relevant audit information (i.e. information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware; and

- the directors have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

By order of the board

R A Orton
Company secretary
17 December 2015

Independent auditors' report to the members of HCL Safety Limited

Report on the financial statements

Our opinion
In our opinion, HCL Safety Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 March 2015 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited
The financial statements comprise:

- the Balance sheet as at 31 March 2015;
- the Statement of comprehensive income for the year then ended;
- the Cash flow statement for the year then ended;
- the Statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and IFRSs as adopted by the European Union.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- *we have not received all the information and explanations we require for our audit; or*
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration
Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

HCL Safety Limited

Independent auditors' report to the members of HCL Safety Limited (continued)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors
As explained more fully in the Statement of directors' responsibilities 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves
We conducted our audit in accordance with ISAs (UK & Ireland). 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 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.
We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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.

David Snell (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
17 December 2015

HCL Safety Limited

Statement of comprehensive income for the year ended 31 March 2015

	Notes	**Year ended 31 March 2015 £'000**	Year ended 31 March 2014 £'000
Revenue	2	**9,754**	9,233
Cost of sales		**(6,559)**	(5,940)
Gross profit		**3,195**	3,293
Administrative expenses		**(2,557)**	(2,716)
Profit before taxation	3	**638**	577
Taxation	5	**(128)**	(101)
Profit attributable to the owners and total *comprehensive income*		**510**	476

The results for the year arose wholly from continuing operations.

HCL Safety Limited

Balance sheet as at 31 March 2015

	Notes	2015 £'000	2014 £'000
Assets			
Non-current assets			
Intangible assets	7	**17**	38
Property, plant and equipment	8	**59**	82
Goodwill	9	**155**	155
Deferred taxation	12	**16**	5
		247	280
Current assets			
Inventories	10	**246**	193
Trade and other receivables	11	**2,287**	2,180
Cash and cash equivalents		**278**	446
		2,811	2,819
Current liabilities			
Trade and other payables	13	**(1,740)**	(1,743)
Current tax liabilities	14	**(103)**	(51)
		(1,843)	(1,794)
Net current assets		**968**	1,025
Net assets		**1,215**	1,305
Equity			
Share capital	15	**-**	-
Retained earnings		**1,215**	1,305
Total Equity		**1,215**	1,305

The financial statements which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the cash flow statement and the related notes on pages 11 to 24, were approved by the board of directors on 17 December 2015 and were signed on its behalf by:

Director .... R A Orton

HCL Safety Limited

Statement of changes in equity

	Note	Share Capital £'000	Retained Earnings £'000	Total Equity £'000
At 1 April 2013		-	1,579	1,579
Profit for the year attributable to owners		-	476	476
Total comprehensive income		-	476	476
Transactions with owners: Dividend paid		-	(750)	(750)
At 31 March 2014 and 1 April 2014		-	**1,305**	**1,305**
Profit for the year attributable to owners		-	510	510
Total comprehensive income		-	510	510
Transactions with owners: Dividend paid	6	-	(600)	(600)
At 31 March 2015		-	**1,215**	**1,215**

HCL Safety Limited

Cash flow statement for the year ended 31 March 2015

	Note	2015	2014
		£'000	£'000
Cash flows from operating activities			
Cash generated from operations	16	**530**	974
Tax paid		**(82)**	(206)
Net cash from operating activities		**448**	768
Cash flows from investing activities			
Purchase of intangible assets		**-**	(3)
Purchase of property, plant and equipment		**(16)**	(28)
Net cash used in investing activities		**(16)**	(31)
Cash flows from financing activities			
Dividends paid		**(600)**	(750)
Net cash used in financing activities		**(600)**	(750)
Net decrease in cash and cash equivalents		**(168)**	(13)
Cash and cash equivalents at 1 April		**446**	459
Cash and cash equivalents at 31 March		**278**	446

HCL Safety Limited

Notes to the financial statements for the year ended 31 March 2015

1 Principal accounting policies

HCL Safety Limited is a limited company and is domiciled and incorporated in the United Kingdom.

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.

Basis of preparation

Standards, amendments and interpretations effective
These financial statements have been prepared in accordance with the EU-adopted International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) and with those parts of the Companies Act 2006 which are applicable to companies reporting under IFRS. They have been prepared on a going concern basis under the historical cost convention, as modified by the revaluation of derivative instruments at fair value through the statement of comprehensive income.

New accounting standards and interpretations have been adopted during the year as follows:

- IFRS 10, 'Consolidated financial statements' (effective 1 January 2014)
- Amendments to IAS 36, 'Impairment of assets' (effective 1 January 2014)
- Amendment to IAS 32, 'Financial instruments: Presentation', on offsetting financial assets and financial liabilities (effective 1 January 2014)

Standards, amendments and interpretations effective in 2015 but not relevant:
The following standards, amendments and interpretations are mandatory for the first time for the current accounting period but are not relevant to the company's operations:

- IFRS 11, 'Joint arrangements';
- Revised IAS 27, 'Separate Financial Statements'
- Revised IAS 28, 'Investment in associates and joint ventures'
- Amendments to IFRS 10, 11 and 12 on transition guidance
- Amendments to IFRS 10, 'Consolidated financial statements', IFRS 12 and IAS 27 for investment entities
- IFRS 12, 'Disclosure of interest in other entities'
- Amendment to IAS 39, 'Financial instruments: Recognition and measurement', on novation of derivatives and hedge accounting
- IFRIC 21, 'Levies'
- Amendment to IAS 19 regarding defined benefit plans

Interpretations and amendments to standards that are not yet effective and not relevant for the company's operations:
The following interpretations to existing standards have been published that are mandatory for the company's future accounting periods but which are not relevant to the company's operations:

- IFRS 14, 'Regulatory deferral accounts'

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the company's accounting policies. A summary of the most important of these policies is set out below.

Notes to the financial statements for the year ended 31 March 2015 (continued)

1 Principal accounting policies (continued)

Property, plant and equipment

Property, plant and equipment are stated at cost, including incidental costs of acquisition. Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual value, on a straight line basis over the expected useful economic lives of the assets concerned, as follows:

Plant and machinery	20% - 50%
Fixtures and fittings	15% - 50%
Motor vehicles	20 - 25%
Short leasehold land and buildings	10%

Software licences

Acquired computer software licences which do not form part of the operating software acquired with a piece of hardware are capitalised on the basis of all costs incurred in bringing them into use. These costs are amortised over a maximum of three years.

Impairment of assets

At each reporting date the company considers whether there is any indication that non-current assets are impaired. If there is such an indication, the company carries out an impairment test by measuring the asset's recoverable amount, which is the higher of the asset's fair value less costs to sell and its value in use. If the recoverable amount is less than the carrying amount, an impairment loss is recognised and the asset is written down to its recoverable amount.

Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost includes all direct expenditure.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the statement of comprehensive income.

Cash and cash equivalents

Cash and cash equivalents consist of cash balances and short term deposits.

Notes to the financial statements for the year ended 31 March 2015 (continued)

1 Principal accounting policies (continued)

Pension costs

The company participates in a defined contribution pension scheme. The cost to the company of contributions to the scheme is charged to the statement of comprehensive income in the period to which they relate.

Revenue

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the company's activities. Revenue is shown net of value added tax, returns, rebates and discounts.

The company enters into contracts to install and supply fall protection systems and industrial safety products. Revenue is recognised to the extent to which performance has taken place at the balance sheet date in accordance with the percentage completion method.

Taxation

Income tax on the profit for the year comprises current and deferred tax. Income tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantially enacted, at the balance sheet date, and any adjustment to tax payable in respect of previous years.

As required by IAS12 (Revised) the company provides deferred income tax using the balance sheet liability method on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying values. Deferred income taxation is determined using the tax rates and laws that have been enacted, or substantially enacted, by the balance sheet date and are expected to apply when the related deferred tax asset or liability is realised or settled. Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred income tax balances are not discounted.

Dividends

Dividend distributions to the holding company are recognised as a liability in the financial statements in the period in which the distribution is authorised. This is normally the same time as the dividend is paid in cash.

Operating leases

Rentals payable under operating leases are charged to the statement of comprehensive income as incurred.

2 Segmental reporting

The company operates solely in the United Kingdom. There is only one business segment which carries out the installation and maintenance of industrial safety products and other equipment as determined by the operating decision maker, namely the board of directors.

HCL Safety Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

3 Profit before taxation

Profit before taxation is stated after charging / (crediting):

	2015 £'000	2014 £'000
Depreciation of property, plant and equipment	**35**	36
Amortisation of intangible assets	**21**	20
Auditors' remuneration – audit services	**37**	37
Impairment of trade receivables	**68**	111
Cost of inventories recognised as an expense (in cost of sales)	**3,574**	3,124
Movement in inventory provision	**3**	(4)
Loss/(profit) on disposal of fixed assets	**4**	1
Operating lease rentals: Property	**42**	69
Operating lease rentals: Other	**190**	202

4 Employee information

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

	2015 Number	2014 Number
Contracts	**91**	88
Administration and selling	**44**	44
	135	132

Staff costs (for the above persons)	2015 £'000	2014 £'000
Wages and salaries	**3,260**	3,213
Social security costs	**280**	286
Other pension costs	**164**	135
	3,704	3,634

Directors' emoluments	2015 £'000	2014 £'000
Aggregate emoluments	**130**	130
Pensions	**16**	16
	146	146

Aggregate emoluments above are the amounts paid to A Le Comu in respect of qualifying services during the year. No other director received remuneration from the company in the year.

No other individuals are deemed, by the directors of the company, to be key management of the company and accordingly no further disclosure of key management remuneration is required other than that presented above.

5 Taxation

Analysis of tax charge in the year	2015	2014
	£'000	£'000
Current tax:		
UK Corporation tax on profits of the year	**146**	133
Adjustments in respect of prior year	**(5)**	(25)
Total current tax	**141**	108
Deferred tax:		
Deferred tax for the current year	**(12)**	(7)
Adjustments in respect of prior year	**(1)**	-
Total deferred tax	**(13)**	(7)
Total taxation charge	**128**	101

The standard rate of corporation tax in the UK changed from 23% to 21% with effect from 1 April 2014. Accordingly, the company's profits for the accounting year are taxed at an effective rate of 21%.

The tax assessed for the year is higher (2014: lower) than the standard rate of corporation tax in the UK of 21% (2014: 23%). The differences are explained below:

Factors affecting the tax charge for the year	2015	2014
	£'000	£'000
Profit before taxation	**638**	577
Profit multiplied by the standard rate of corporation tax in the UK of 21% (2014: 23%)	**134**	133
Effects of:		
Adjustments in respect of prior year – current tax	**(5)**	(25)
Impact on deferred tax of changes in UK tax rate	**(1)**	(7)
Total tax charge for the year	**128**	101

5 Taxation (continued)

During the year, as a result of the change in the UK corporation tax rate from 23% to 21% that was substantively enacted on in the Finance Act 2013 on 2 July 2013, the relevant deferred tax balances have been re-measured. Further reductions to the UK corporation tax rate have been announced. Proposals are in place to reduce the main rate of corporation tax from 21% to 20% from 1 April 2015. The changes had not been substantively enacted at the balance sheet date and, therefore, are not recognised in these financial statements.

6 Dividends

	2015	2014
	£'000	£'000
Dividend paid	**600**	750
2015: £300,000 per share (2014: £375,000 per share)		
Total dividend paid	**600**	750

7 Intangible assets

	Computer software
	£'000
Cost	
At 1 April 2014	264
Additions	-
At 31 March 2015	**264**
Accumulated amortisation	
At 1 April 2014	226
Charge for the year	21
At 31 March 2015	**247**
Net book value	
At 31 March 2015	**17**
At 31 March 2014	38

HCL Safety Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

7 Intangible assets (continued)

	Computer software £'000
Cost	
At 1 April 2013	261
Additions	3
At 31 March 2014	**264**
Accumulated amortisation	
At 1 April 2013	206
Charge for the year	20
At 31 March 2014	**226**
Net book value	
At 31 March 2014	**38**
At 31 March 2013	55

8 Property, plant and equipment

	Plant and machinery	Motor vehicles	Fixtures and fittings	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 April 2014	105	7	162	274
Additions	2	-	14	16
Reclassification	-	(7)	7	-
Disposals	-	-	(10)	(10)
At 31 March 2015	**107**	**-**	**173**	**280**
Accumulated depreciation				
At 1 April 2014	88	7	97	192
Reclassification	-	(7)	7	-
Disposals	-	-	(6)	(6)
Charge for the year	18	-	17	35
At 31 March 2015	**106**	**-**	**115**	**221**
Net book value				
At 31 March 2015	**1**	**-**	**58**	**59**
At 31 March 2014	17	-	65	82

	Plant and machinery	Motor vehicles	Fixtures and fittings	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 April 2013	83	7	176	266
Additions	22	-	6	28
Disposal	-	-	(20)	(20)
At 31 March 2014	**105**	**7**	**162**	**274**
Accumulated depreciation				
At 1 April 2013	71	7	97	175
Disposals	-	-	(19)	(19)
Charge for the year	17	-	19	36
At 31 March 2014	**88**	**7**	**97**	**192**
Net book value				
At 31 March 2014	**17**	**-**	**65**	**82**
At 31 March 2013	12	-	79	91

HCL Safety Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

9 Goodwill

The goodwill carried in HCL Safety Limited represents goodwill acquired on the acquisition of the Safety Anchor business in October 2008 which represents one cash generating unit.

	2015	2014
	£'000	£'000
Goodwill	**155**	155
	155	155

The recoverable amounts have been assessed based on value in use.

The key assumptions used in the value in use calculation were as follows:

- The forecast net profit margin. This was based on the achieved result over the previous two years, and assuming no growth in business for the forthcoming year and thereafter.

- The risk adjusted discount rate. The discount rate used is the same as that used for the group as described further in Note 7 of the Latchways plc Annual Report and Accounts 2015. Impairment calculations were carried out using a pre-tax rate of 10.0% (2014: 8.0%).

Management is confident that no impairment of goodwill exists at the balance sheet date. Future performance would need to deteriorate markedly for the value in use to fall below the carrying value.

10 Inventories

	2015	2014
	£'000	£'000
Raw materials	**246**	193
	246	193

HCL Safety Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

11 Trade and other receivables

	2015 £'000	2014 £'000
Amounts falling due within one year		
Trade receivables	**2,380**	2,226
Provision for impairment	**(203)**	(195)
Net trade receivables	**2,177**	2,031
Prepayments and accrued income	**110**	149
	2,287	2,180

As at 31 March 2015, trade receivables of £1,961,000 (2014: £1,821,000) were fully performing.

Trade receivables that are less than three months past due are not considered impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing of these trade receivables is as follows:

	31 March 2015 £'000	31 March 2014 £'000
Up to 3 months	**1,961**	1,821
3 to 6 months	**123**	91
Over 6 months	**7**	53
Retentions of contracts	**289**	261
	2,380	2,226

Those items up to 3 months old are fully performing and are not considered impaired. Items over 3 months old are reviewed for impairment and provided for where necessary. In addition, the company regularly reviews retentions on contracts for impairment, and provides accordingly. Those items considered to be impaired at 31 March 2015 are as follows:

	31 March 2015 £'000	31 March 2014 £'000
3 – 6 months	**65**	-
Over 6 months	**8**	78
Retentions of contracts	**130**	117
Actual provision	**203**	195

Notes to the financial statements for the year ended 31 March 2015 (continued)

11 Trade and other receivables (continued)

Movement on the provision for impairment	**31 March 2015**	31 March 2014
	£'000	£'000
Provision brought forward	**195**	241
Provision for receivables impaired	**68**	111
Receivables written off during the year	**(60)**	(157)
	203	195

12 Deferred taxation

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 20% (2014: 21%)

The movement on the deferred tax asset is as follows:	**2015**	2014
	£'000	£'000
At 1 April	**5**	(2)
Change in deferred tax rate	**(1)**	-
Credited/(charged) to the Income statement	**12**	7
At 31 March	**16**	5

The deferred tax provided is made up as follows:

Accelerated capital allowances	**19**	13
Other timing differences	**(3)**	(8)
At 31 March	**16**	5

Notes to the financial statements for the year ended 31 March 2015 (continued)

13 Trade and other payables

	2015 £'000	2014 £'000
Trade payables	**767**	765
Other creditors	**53**	48
Other taxation and social security costs	**240**	270
Amounts owed to group undertakings	**461**	491
Accruals and deferred income	**219**	169
	1,740	1,743

Amount owed to group undertakings are repayable on demand and do not bear interest.

14 Current tax liabilities

	2015 £'000	2014 £'000
Corporation tax	**103**	51
	103	51

15 Share capital

	2015 £	2014 £
Authorised		
100 (2014: 100) ordinary shares of £1 each	**100**	100
Allotted, called up and fully paid		
2 (2014: 2) ordinary shares of £1 each	**2**	2

16 Cash flow from operating activities

Cash generated from operations	**31 March 2015**	31 March 2014
Continuing operations		
	£'000	£'000
Net profit	**510**	476
Adjustments for:		
Tax	**128**	101
Depreciation of tangible assets	**35**	36
Amortisation of intangible assets	**21**	20
(Loss)/Profit on disposal of fixed asset	**(4)**	1
Changes in working capital:		
(Increase)/Decrease in inventories	**(53)**	194
(Increase)/Decrease in trade and other receivables	**(107)**	165
Decrease in trade and other payables	**-**	(19)
Cash generated from operations	**530**	974

17 Operating lease commitments - minimum lease payments

Future minimum lease payments under non-cancellable operating leases:

	2015		2014	
	Property	**Other**	Property	Other
	£'000	**£'000**	£'000	£'000
Not later than one year	**25**	**226**	41	207
Later than one year and not later than five years	**31**	**312**	48	230
	56	**538**	89	437

18 Pension and similar obligations

With effect from April 1995 a Group Personal Pension (defined contribution) scheme was established with Aviva for the provision of future pension benefits.

The total pension cost for the company amounted to £164,000 (2014: £135,000).

Notes to the financial statements for the year ended 31 March 2015 (continued)

19 Contingent liability

HCL Safety Limited has given a guarantee in respect of the overdraft of its holding company HCL Group plc. As at 31 March 2015 the overdraft stood at £nil (2014: £nil).

20 Related party transactions

During the year, HCL Safety Limited made purchases of £2,595,000 (2014: £2,070,000) from the ultimate parent company Latchways plc. At the year end the balance outstanding to Latchways plc was £706,000 (2014: £535,000). At the year end the balance owed to other group companies from HCL Safety Limited was £429,000 (2014: £429,000). A dividend of £600,000 (2014: £750,000) was paid to HCL Group Plc.

21 Ultimate parent company

The company is a wholly owned subsidiary of HCL Group plc, a company registered in England and Wales. The ultimate parent undertaking and controlling party of the company is MSA Safety Incorporated, a company registered in the United States of America.

22 Events after the balance sheet date

On 1 September 2015, MSA Safety Incorporated ('MSA') announced the terms of an all cash acquisition by MSA UK Holdings Limited (an indirectly wholly-owned subsidiary of MSA) for the entire issued and to be issued ordinary share capital of Latchways plc, the immediate parent of HCL Safety Limited. The transaction was completed on 21 October 2015 making MSA the ultimate owner of HCL Safety Limited.