Registered number 5754991

CPL Industries Holdings Limited

Report and Accounts

for the year ended 31 March 2009

Contents

Directors and advisers

Directors

M E Aldridge • *
Non executive director
Chairman

T W Minett
Chief Executive

D Wake
Chief Financial Officer

S E Greenhalgh • *
Non executive director

D S Jones-Molyneux • *
Non executive director

Company secretary and registered office

S Armitage
Mill Lane
Wingerworth
Chesterfield
Derbyshire
S42 6NG

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
1 East Parade
Sheffield
S1 2ET

Solicitors

DLA Piper UK LLP
1 St. Paul's Place
Sheffield
S1 2JX

Bankers

Burdale Financial Limited
53 Queen Anne Street
London
W1G 9HP

Registered number

5754991

* member of audit committee
• member of remuneration committee

Directors' report

for the year ended 31 March 2009

The directors present their report and the audited consolidated financial statements of the group and company for the year ended 31 March 2009.

Principal activities

The principal activities of the group are the manufacture, distribution and sale of smokeless fuels and other solid fuels, serving the domestic market in the United Kingdom and the larger markets in Europe.

The group is the largest manufacturer in Europe of smokeless fuel briquettes and its production facility at Immingham is the most modern and efficient plant in Europe. The group produces a range of branded home heating fuels including Homefire, the market leading open fire product, Ecoal and Phurnacite, the premium closed appliance fuel.

The principal activity of the company is to act as a parent company.

Review of business and future developments

Group Review

The group generated operating profit before exceptional costs of £9.8m, compared with the previous year's operating profit of £5.1m. Interest costs reduced to £1.6m compared to £3.2m in the previous year, following the disposal of CPL Petroleum in August 2007, which generated £47m of cash. As a result of the improved operating profit and the reduced interest cost, the group generated a pre tax profit of £7.4m, compared to the previous year, excluding the profit on disposal of CPL Petroleum, of £0.4m.

The group's stock holding increased £4.0m over the previous year end due to a combination of significantly increased solid fuel cost prices and an increase in strategic stock holdings of raw materials. The improvement in profit generation and the continued control of cash and working capital resulted in the group generating £6.3m of cash, compared to the previous year's cash outflow, before the Petroleum disposal proceeds, of £2.2m. Net debt reduced to £8.7m compared to £15.0m at the previous year end and from a peak of £160.6m in 2001. Net assets reduced from £20.5m at the previous year end to £11.0m due to a pension deficit of £10.6m which compares to a pension asset of £0.4m at the previous year end. The group intends to make deficit recovery payments of £2.9m in the forthcoming year in line with its agreed pension deficit recovery plans.

During the year the business retained its contracts with the Department of Energy and Climate Change for the supply of manufactured smokeless fuel and the distribution of fuel to persons entitled to concessionary fuel. The contracts commence in April 2009 and are for four years with the option for a further two year extension.

The group established CPL Investments (Jersey) Limited in December 2008 to act as an intergroup financing company.

CPL Products

The manufacturing and wholesale solid fuel business strengthened its industry leading position, gaining market share in the UK as a result of a more focused sales effort. Export revenue grew significantly in the major European markets and collaboration with key partners allowed the group to take advantage of the closure in the year of a large solid fuel manufacturing plant in Germany.

The growth oriented three year strategic plan, which was approved by the Board in 2008, has been instrumental in enabling the group to benefit from increased demand for open fire products for use in multifuel stoves assisted by a colder winter than in recent years, with the temperature 0.5°C below the average and 1.7°C lower than the previous winter.

CPL Charcoal, the charcoal wholesale business, was impacted by reduced demand as a result of the poor summer weather but strengthened sourcing options and rationalisation of the customer base resulted in an improved result over the previous year.

Carbon Link, the carbon filtration business, performed well in the UK and Europe, maintaining a strong market position and growth was achieved in non European markets. Refractory Repairs, the ceramic welding business, experienced increased revenue particularly in the UK and North America. Palco Shipping and Trading, the Scottish stevedoring business, was disposed of in June 2008 for consideration of £0.7m.

Overall profits increased substantially compared with the previous year, principally due to the increased revenue from the solid fuel manufacturing business.

CPL Distribution

Significant progress was made during the year in further developing the business as a market leader in solid fuel distribution in the UK. Revenue growth was achieved due to increased market demand in the open fire market through home delivery and sales to garage forecourts and other commercial outlets, coupled with the impact of a colder winter. Growth was also driven by the impact of the acquisition of a number of small independent coal merchants during the year. Sales through a developing internet presence were strong with solid fuel revenue increasing more than threefold over the previous year.

A small number of loss making depots in Scotland and on the Isle of Man and Anglesey were disposed of in the first quarter of the year.

Property

Significant progress has been made in preparation for submission of planning proposals for the redundant industrial land in Cwm. Planning consent will be sought for the site in late 2009 as part of the strategic development plan for the area.

The surplus land at Wingerworth, for which planning consent has been granted for redevelopment, has not been actively marketed during the year due to a downturn in the property market. The group will hold the site for resale with the intention to recommence marketing at a suitable time in the future.

The profit and loss account and cash flows of the group are set out on pages 9 to 12.

Strategy

The group's medium term strategy is to focus on continued improvement of its market position within the United Kingdom and European solid fuel markets, further consolidating its position. The plan, which was approved in 2008, has been successfully implemented and has been further developed following the success achieved in 2008/9. Key elements of the strategic plan are continued market share growth in both the United Kingdom and Europe and broadening of the product base, supported by significant investment in the operational infrastructure within both the production and distribution activities during 2009/10.

Principal risks and uncertainties

The management of the business and the execution of the group's strategy are subject to a number of risks. The key risks affecting the business are:

Weather
As most of the group's sales are weather sensitive, leading to unpredictable demand, the group requires a very flexible operating structure. Achieving this flexibility is constantly under review to minimise the impact on the group of the variable weather.

Raw materials and energy
The group is subject to price and availability volatility from global markets for its main raw material and energy requirements. These risks are managed through flexible sourcing and securing supply contracts.

Key performance indicators ("KPIs")

In conjunction with the management of costs and working capital to improve operating profit the group uses a number of KPIs to monitor the performance of its businesses including:

- EBITDA – earnings before interest, tax, depreciation and amortisation;
- Gross margin % – the ratio of gross margin to sales expressed as a percentage;
- Trading profit % – the ratio of operating profit before exceptional items and goodwill amortisation to sales expressed as a percentage;
- Trading profit to capital employed % – the ratio of operating profit before exceptional items and goodwill amortisation to capital employed expressed as a percentage;
- Sales per employee;
- Debtor days – the average length of time after making a sale before payment is received;
- Creditor days – the average length of after making a purchase before payment is made;
- Stock turn – the number of times in a year that the stock is turned over.

Due to the commercially sensitive nature of the KPIs the actual figures achieved are not disclosed.

Dividends

No dividends on ordinary shares have been declared or paid in respect of the year ended 31 March 2009 (2008: £nil).

Group research and development activities

The group is committed to research and development activities in order to maintain its position in the solid fuel market. The main focus of this activity is on new product development, particularly the use of renewable raw materials in solid fuel manufacture. £0.2m (2008: £0.1m) of costs attributable to research and development activities have been incurred in the year.

Directors

The directors of the company, all of who were directors during the year and up to the date of signing the financial statements, are as follows:

M E Aldridge (Chairman)
T W Minett
D Wake
S E Greenhalgh
D S Jones-Molyneux

Charitable and political contributions

The group made contributions of £1,000 (2008: £1,064) for charitable purposes and made no political donations in the year (2008: £nil).

Employment policies

The policy of the directors is to encourage the involvement of all employees in the development and performance of the group. The group communicates its strategy and performance against its business plan through an annual program of employee presentations and by regular briefing notes. Consultation also takes place between the group and recognised trade unions.

The group pursues a policy of providing, wherever possible, the same employment opportunities to disabled persons as to others, having regard to the aptitudes and abilities of each applicant. Efforts are made to enable employees who become disabled during their employment to continue their career with the group. Training, career development and promotion of disabled persons are, as far as possible, identical to that of other employees who are not disabled.

The group recognises the high standards required to ensure the health, safety and welfare of its employees at work, its customers and the general public. The policies in this regard are regularly reviewed with the objective of ensuring these standards are maintained.

Independent auditors and disclosure of information to auditors

So far as each director is aware, there is no relevant audit information of which the company's auditors are unaware. Relevant information is defined as information needed by the company's auditors in connection with preparing their report. Each director has taken all the steps (such as making enquiries of other directors and the auditors and any other steps required by the director's duty to exercise due care, skill and diligence) that he ought to have taken in his duty as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

A resolution to reappoint PricewaterhouseCoopers LLP as auditors of the company will be proposed at the next general meeting.

On behalf of the Board

Tim W Minett
Chief Executive
25 June 2009

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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). The financial statements are required by law to give a true and fair view of the state of affairs of the company and group and of the profit or loss of the group for that year.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom 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, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

On behalf of the Board

D Wake
Director
25 June 2009

Independent Auditors' report to the members of CPL Industries Holdings Limited

We have audited the group and parent company financial statements (the 'financial statements') of CPL Industries Holdings Limited for the year ended 31 March 2009 which comprise the consolidated profit and loss account, the balance sheets, the consolidated cash flow statement, the reconciliation of operating profit/(loss) to net cash inflow/(outflow) from operating activities, the statement of group total recognised gains and losses, the reconciliation of movements in group shareholders' funds and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Report and Accounts (which comprises the directors' report), and consider whether it is consistent with the audited financial statements. This other information comprises only the directors' report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent Auditors' report to the members of CPL Industries Holdings Limited continued

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 March 2009 and of the group's profit and cash flows for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Sheffield
25 June 2009

Consolidated profit and loss account

for the year ended 31 March 2009

	Notes	2009 Continuing operations £'m	2008 Continuing operations £'m	2008 Discontinued operations £'m	2008 Total £'m
Turnover	3,4	**123.5**	95.9	178.4	274.3
Operating costs	5	**(113.7)**	(88.8)	(180.4)	(269.2)
		9.8	7.1	(2.0)	5.1
Exceptional operating costs	6	**(1.3)**	(1.4)	(0.1)	(1.5)
Operating profit/(loss)		**8.5**	5.7	(2.1)	3.6
Profit on sale of fixed assets		**0.1**	-	-	-
Profit on sale of Palco Shipping & Trading Ltd business and assets	29	**0.4**	-	-	-
Profit on sale of CPL Petroleum Limited		**-**	-	-	13.2
Net interest expense	9	**(1.6)**	-	-	(3.2)
Profit on ordinary activities before taxation	10	**7.4**	-	-	13.6
Tax on profit on ordinary activities	11	**(2.2)**	-	-	(2.1)
Profit on ordinary activities after taxation		**5.2**	-	-	11.5
Minority interests		**-**	-	-	(0.1)
Profit for the financial year	24	**5.2**	-	-	11.4

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents.

Balance sheets

as at 31 March 2009

	Note	Group 2009 £'m	Company 2009 £'m	Group 2008 £'m	Company 2008 £'m
Fixed assets					
Intangible assets	13	**21.1**	**-**	23.4	-
Tangible assets	14	**10.6**	**-**	10.4	-
Investments	15	**-**	**56.2**	-	56.2
		31.7	**56.2**	33.8	56.2
Current assets					
Stocks	17	**12.5**	**-**	8.5	-
Debtors	18	**16.3**	**-**	15.1	-
Cash at bank and in hand		**9.0**	**-**	13.1	-
		37.8	**-**	36.7	-
Creditors: amounts falling due within one year	19	**(31.0)**	**(2.1)**	(24.4)	(1.2)
Net current assets/(liabilities)		**6.8**	**(2.1)**	12.3	(1.2)
Total assets less current liabilities		**38.5**	**54.1**	46.1	55.0
Creditors: amounts falling due after more than one year	20	**(14.8)**	**(55.5)**	(23.5)	(55.5)
Provisions for liabilities and charges	21	**(1.7)**	**-**	(2.1)	-
Minority interests		**(0.4)**	**-**	(0.4)	-
		(16.9)	**(55.5)**	(26.0)	(55.5)
Net assets/(liabilities) excluding pension asset/(deficit)		**21.6**	**(1.4)**	20.1	(0.5)
Pension asset	22	**0.3**	**-**	2.2	-
Pension deficit	22	**(10.9)**	**-**	(1.8)	-
Net assets/(liabilities) including pension asset/(deficit)		**11.0**	**(1.4)**	20.5	(0.5)
Capital and reserves					
Called up share capital	23	**-**	**-**	-	-
Share premium account	24	**0.8**	**0.8**	0.8	0.8
Profit and loss account	24	**10.2**	**(2.2)**	19.7	(1.3)
Total shareholders' funds/(deficit)		**11.0**	**(1.4)**	20.5	(0.5)

The financial statements on pages 9 to 30 were approved by the Board of Directors on 25 June 2009 and were signed on its behalf by:

D Wake
Chief Financial Officer

Consolidated cash flow statement

for the year ended 31 March 2009

	Note	2009 £'m	2008 £'m
Net cash inflow from operating activities (page 12)		**9.5**	2.9
Returns on investments and servicing of finance			
Interest received	9	**0.2**	0.5
Interest paid	9	**(1.9)**	(4.4)
Net cash outflow from returns on investments and servicing of finance		**(1.7)**	(3.9)
Taxation			
United Kingdom corporation tax paid		**-**	-
Capital expenditure and financial investment			
Purchase of tangible fixed assets	14	**(1.6)**	(1.5)
Sale of tangible fixed assets		**0.3**	0.2
Net cash outflow for capital expenditure and financial investment		**(1.3)**	(1.3)
Acquisitions and disposals			
Sale of subsidiaries and other businesses	29	**0.7**	47.4
Net cash disposed of with sale of subsidiaries		**-**	(0.3)
Purchase of other businesses		**(0.9)**	(0.3)
Sale of associates		**-**	0.7
Net cash (outflow)/inflow for acquisitions and disposals		**(0.2)**	47.5
Cash inflow before financing		**6.3**	45.2
Financing			
Issue of ordinary shares		**-**	-
Repayment of borrowings	25	**(10.4)**	(38.6)
Net cash outflow from financing		**(10.4)**	(38.6)
(Decrease)/Increase in cash	25	**(4.1)**	6.6

Reconciliation of operating profit/(loss) to net cash inflow/(outflow) from operating activities

for the year ended 31 March 2009

	2009 Continuing operations £'m	2008 Continuing operations £'m	2008 Discontinued operations £'m	2008 Total £'m
Operating profit/(loss) before exceptional costs	**9.8**	7.1	(2.0)	5.1
Exceptional operating costs:				
Aborted acquisition costs	**(0.4)**	-	-	-
Expenditure at closed sites	**(0.9)**	(0.6)	-	(0.6)
Redundancies	-	(0.2)	-	(0.2)
Restructuring	-	(0.2)	(0.1)	(0.3)
Depreciation on tangible fixed assets	**1.1**	1.0	0.2	1.2
Amortisation of intangible fixed assets	**3.0**	3.0	1.1	4.1
Difference between pension credit/charge and cash contributions	**(4.2)**	(5.1)	-	(5.1)
Increase in stock	**(4.0)**	(0.9)	(0.1)	(1.0)
(Increase)/decrease in operating debtors and prepayments	**(1.2)**	(0.8)	1.7	0.9
Increase/(decrease) in operating creditors and accruals	**6.7**	5.1	(5.6)	(0.5)
Decrease in provisions for liabilities and charges	**(0.4)**	(0.5)	(0.2)	(0.7)
Net cash inflow/(outflow) from operating activities	**9.5**	7.9	(5.0)	2.9

Specific items within the operating cash flows relate to the exceptional operating items shown in note 6.

Statement of group total recognised gains and losses for the year ended 31 March 2009

	Note	2009 £'m	2008 £'m
Profit for the financial year		**5.2**	11.4
Actuarial (loss)/gain on pension scheme	22	**(20.6)**	7.2
Movement on deferred tax relating to pension liability		**5.9**	(2.1)
Total recognised gains and (losses) for the year		**(9.5)**	16.5

Reconciliation of movements in group shareholders' funds for the year ended 31 March 2009

	Note	2009 £'m	2008 £'m
Profit for the financial year		**5.2**	11.4
Actuarial (loss)/gain on pension scheme	22	**(20.6)**	7.2
Movement on deferred tax relating to pension liability		**5.9**	(2.1)
Net change in shareholders' funds		**(9.5)**	16.5
Opening shareholders' funds		**20.5**	4.0
Closing shareholders' funds		**11.0**	20.5

Notes to the financial statements
for the year ended 31 March 2009

1 Statement of accounting policies

Basis of accounting
These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom.

The principal accounting policies, which have been applied consistently throughout the year, are set out below:

Basis of consolidation
The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 March 2009. The results of subsidiaries sold or acquired are included in the consolidated profit and loss account up to, or from, the date control passes. Intra-group sales and profits are eliminated fully on consolidation. Uniform accounting policies are applied across all group companies.

On acquisition of a subsidiary, all of the subsidiary's assets and liabilities that exist at the date of acquisition are recorded at their fair values reflecting their condition at that date. All changes to those assets and liabilities, and the resulting gains and losses, which arise after the group has gained control of the subsidiary are taken to the post acquisition profit and loss account.

Goodwill
Goodwill arising on consolidation
Goodwill arising on consolidation represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired. Goodwill is capitalised within intangible assets and is eliminated by amortisation through the profit and loss account over its useful economic life (being the period over which the directors have assessed for each acquisition that benefits can be expected), up to a maximum of twenty years.

Detailed impairment reviews are conducted where events or changes in circumstances indicate that the amortised carrying value of goodwill may not be recoverable. The impairment write down, which is charged to the profit and loss account in the year of review if it is considered permanent, is calculated by reference to the higher of the post tax net realisable value and the value in use based on risk adjusted discounted cash flows.

Goodwill arising on the acquisition of businesses
Goodwill arising on the acquisition of businesses is capitalised and eliminated by amortisation through the profit and loss account over the directors' estimate of its useful economic life to a maximum of 20 years.

Turnover
Turnover represents amounts invoiced to customers net of value added tax. Revenue from product sales is recognised upon despatch to the customer or, in the case of goods supplied ex-works, upon collection by the customer or agent.

Fixed asset investments
Fixed asset investments are recorded in the parent company at the aggregate of the market value of the shares issued in connection with the acquisition, cash consideration and costs incidental to the acquisition less any amounts written off for permanent diminution in value.

Notes to the financial statements continued

for the year ended 31 March 2009

1 Statement of accounting policies continued

Tangible fixed assets

Tangible fixed assets are stated at historic purchase cost or valuation less accumulated depreciation. The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition, or in the case of assets included in acquisitions, their fair value.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, after providing for any permanent diminution in value and taking into account the estimated residual value of each asset, evenly over the shorter of the estimated life of the activity and the estimated life of the asset.

The principal useful lives used for this purpose are:

Freehold buildings and leasehold properties	50 years or over year of lease if less than 50 years
Industrial buildings	40 years or over year of lease if less than 40 years
Plant, machinery and equipment	3-20 years
Motor vehicles	5 years
Freehold land is not depreciated	

The estimated lives of individual activities are reviewed from time to time and are amended when circumstances change.

Research and development

Expenditure on research and development is charged to revenue in the year in which it is incurred.

Operating and finance leases

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Leasing agreements which transfer to the group substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit so as to give a consistent periodic rate of charge on the remaining balance outstanding at each accounting year. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets.

Stocks of raw materials and consumable stores

Stocks of raw materials, including materials in transit, are valued at the lower of cost to the operating activity holding the stock prior to processing and net realisable value. Stocks of consumable stores are generally valued at standard prices which give a reasonable approximation to cost, including repairs expenditure for items refurbished and held for future use. A specific provision is held to cover latent obsolescence, damages and redundant stocks.

Stocks of finished goods and goods for resale

Finished goods and goods for resale are valued at the lower of the cost at the time of production or the cost of purchase, and the net realisable value, at the balance sheet date. In the case of manufactured products, cost includes all direct expenditure and production overheads based on a normal level of activity. To arrive at net realisable value, undistributed stocks of manufactured fuels are valued at current net selling price less specific provisions for loss of weight or degradation in size and quality.

1 Statement of accounting policies continued

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Pension scheme arrangements

The group operates a number of defined contribution pension schemes. The assets of the schemes are held separately from those of the company in an independently administered fund. The pension cost charge disclosed in note 22 represents contributions payable by the company to the fund.

The group also operates a number of defined benefit pension schemes, the assets of which are held separately from those of the company in independently administered funds. The funds are valued every three years by a professionally qualified independent actuary with the rates of contribution payable being determined by the actuary. In the intervening years, the actuary reviews the continuing appropriateness of the rates.

Pension scheme assets are measured using market value. Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent terms and currency to the liability. The increase in the present value of the liabilities of the group's defined benefit pension schemes expected to arise from employee service in the period is charged to operating profit. The expected return on the schemes' assets and the increase during the year in the present value of the schemes' liabilities arising from the passage of time are included in other finance income. Actuarial gains and losses are recognised in the consolidated statement of total recognised gains and losses.

Pension scheme surpluses, to the extent that they are considered recoverable, or deficits are recognised in full and presented on the face of the balance sheet net of the related deferred tax.

Foreign currencies

Transactions in overseas currencies are translated at the rate then ruling or, where forward cover contracts have been arranged, at the contracted rates. Monetary assets and liabilities are translated at the rates ruling at the balance sheet date or at a contracted rate, if applicable.

Concessionary fuel

The group accrues for the cost of providing concessionary fuel or a cash alternative to its employees and their dependants, in retirement, over their working lives.

1 Statement of accounting policies continued

Finance issue costs
Issue costs incurred on the raising of external finance are capitalised and amortised over the life of the associated financial instrument at a constant rate on the carrying amount. On refinancing, the unamortised finance issue costs are written off to the profit and loss account in respect of the loans repaid.

Provisions
Provisions are recognised when the company has a present obligation as a result of a past event and it is probable that a transfer of economic benefits will be required to settle the obligation, and where a reliable estimate can be made of the amount of the obligation.

2 Analysis of net debt

	At 31 March 2008 £'m	Cash flow £'m	Non-cash changes £'m	**At 31 March 2009 £'m**
Cash at bank and in hand	13.1	(4.1)	-	**9.0**
Debt due after one year	(23.5)	8.7	-	**(14.8)**
Debt due within one year	(4.6)	1.7	-	**(2.9)**
	(15.0)	6.3	-	**(8.7)**

3 Segmental analysis by class of business

The analysis by class of business of the group's turnover, profit before tax and net operating assets is set out below:

	2009			2008		
	Turnover £'m	**Profit before tax £'m**	**Net assets £'m**	Turnover £'m	Profit before tax £'m	Net assets £'m
Manufacture and distribution of solid fuel and other services (continuing operations)	**123.5**	**7.4**	**11.0**	95.9	16.9	20.5
Distribution of liquid fuels (discontinued operations)	-	-	-	178.4	(3.3)	-
	123.5	**7.4**	**11.0**	274.3	13.6	20.5

Turnover derived from intra-segmental transactions is not material.

4 Segmental analysis of turnover by geographical area

	2009	2008		
Geographical segment	**Continuing operations £'m**	Continuing operations £'m	Discontinued operations £'m	Total £'m
United Kingdom	**116.3**	91.3	178.4	269.7
Republic of Ireland	**0.8**	0.3	-	0.3
Rest of Europe	**5.7**	3.9	-	3.9
Middle East	**0.1**	-	-	-
Rest of World	**0.6**	0.4	-	0.4
	123.5	95.9	178.4	274.3

Turnover and operating profit consist of sales originated within the United Kingdom.

Net assets are attributable to the United Kingdom.

Notes to the financial statements continued

for the year ended 31 March 2009

5 Operating costs

	2009 Continuing operations £'m	2008 Continuing operations £'m	2008 Discontinued operations £'m	2008 Total £'m
Raw materials and consumables stores	**77.3**	53.8	168.0	221.8
Employee costs (note 8)	**14.5**	14.7	5.2	19.9
Depreciation (note 14)	**1.1**	1.0	0.2	1.2
Amortisation of intangible assets (note 13)	**3.0**	3.0	1.1	4.1
Other operating charges and other external charges	**14.7**	15.9	5.9	21.8
Change in stocks of finished goods and work in progress	**3.2**	0.6	-	0.6
Other operating income	**(0.1)**	(0.2)	-	(0.2)
	113.7	88.8	180.4	269.2
Exceptional operating costs (note 6)	**1.3**	1.4	0.1	1.5
Operating costs	**115.0**	90.2	180.5	270.7

6 Exceptional operating costs

	2009 Continuing operations £'m	2008 Continuing operations £'m	2008 Discontinued operations £'m	2008 Total £'m
Aborted acquisition costs	**0.4**	-	-	-
Expenditure at closed sites	**0.9**	0.6	-	0.6
Restructuring	-	0.2	0.1	0.3
Redundancies	-	0.2	-	0.2
Onerous lease provisions	-	0.4	-	0.4
	1.3	1.4	0.1	1.5

During the year the group incurred costs associated with aborted acquisitions of £0.4m (2008: £nil).

Certain major sites closed in prior years have incurred a variety of environmental and other pre disposal costs of £0.9m (2008: £0.6m).

Notes to the financial statements continued

for the year ended 31 March 2009

7 Directors' emoluments

Directors	2009 £'000	2008 £'000
Aggregate emoluments	**687**	2,413
Company contributions to defined contribution pension scheme	**7**	-
	694	2,413

Highest paid director	2009 £'000	2008 £'000
Aggregate emoluments	**446**	1,135

No retirement scheme benefits are accruing to any directors under the group's defined benefit scheme (2008: £nil). No (2008: £nil) directors are accruing benefit under the group's defined contribution schemes. One (2008: £nil) director is accruing benefit under an external defined contribution scheme.

Included in the aggregate emoluments in 2008 were bonus payments of £1,370,000 associated with the sale of CPL Petroleum Limited, of which, £736,000 was paid to the highest paid director.

8 Employee information

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

	2009	2008		
	Continuing operations Number	Continuing operations Number	Discontinued operations Number	Total Number
Production	**57**	66	-	66
Selling and distribution	**357**	359	181	540
Administration	**123**	126	23	149
	537	551	204	755

	2009	2008		
	Continuing operations £'m	Continuing operations £'m	Discontinued operations £'m	Total £'m
Staff costs (for the above persons)				
Wages and salaries	**13.5**	12.7	4.5	17.2
Social security costs	**1.2**	1.2	0.5	1.7
Pensions and post retirement benefits	**(0.2)**	0.8	0.2	1.0
	14.5	14.7	5.2	19.9

The company does not have any employees.

The prior year pension and post retirement benefit costs have been restated to transfer to the exceptional profit on sale of CPL Petroleum a benefit of £2.6m arising from additional pension contributions paid by the acquirers of that business.

Notes to the financial statements continued

for the year ended 31 March 2009

9 Net interest expense

	2009 Continuing operations £'m	2008 Continuing operations £'m	2008 Discontinued operations £'m	2008 Total £'m
Bank loans	**1.7**	3.0	1.2	4.2
Preference share dividends	**0.8**	0.7	-	0.7
Other financial expense	**0.2**	0.2	-	0.2
	2.7	3.9	1.2	5.1
Bank interest receivable	**(0.2)**	(0.4)	-	(0.4)
Other financial income	**(0.9)**	(1.5)	-	(1.5)
	1.6	2.0	1.2	3.2

10 Profit on ordinary activities before taxation

	2009 Continuing operations £'m	2008 Continuing operations £'m	2008 Discontinued operations £'m	2008 Total £'m
Profit on ordinary activities before taxation is stated after charging:				
Amortisation of intangible assets	**3.0**	3.0	1.1	4.1
Depreciation charge for the year:				
Tangible owned fixed assets	**1.1**	1.0	0.2	1.2
Auditors' remuneration for:				
Audit (company: £nil)	**0.1**	0.1	-	0.1
Other non audit services to the company and its subsidiaries	**0.2**	0.1	-	0.1
Research and development	**0.2**	0.1	-	0.1
Hire of plant and machinery – operating leases	**1.4**	1.6	1.1	2.7
Hire of other assets - operating leases	**1.6**	1.7	0.2	1.9

11 Tax on profit on ordinary activities

	2009 Continuing operations £'m	2008 Continuing operations £'m	2008 Discontinued operations £'m	2008 Total £'m
Current Tax:				
United Kingdom corporation tax on profits of the year	**0.8**	0.1	-	0.1
Total current tax	**0.8**	0.1	-	0.1

	2009 Continuing operations £'m	2008 Continuing operations £'m	2008 Discontinued operations £'m	2008 Total £'m
Deferred Tax:				
Pension cost relief in excess of pension cost charge	**1.4**	2.0	-	2.0
Total deferred tax	**1.4**	2.0	-	2.0
Tax on profit on ordinary activities	**2.2**	2.1	-	2.1

Notes to the financial statements continued

for the year ended 31 March 2009

11 Tax on profit on ordinary activities continued

The tax assessed for the year differs from the standard rate of corporation tax in the United Kingdom (28%). The differences are explained below:

	2009	2008		
	Continuing operations	Continuing operations	Discontinued operations	Total
	£'m	£'m	£'m	£'m
Profit on ordinary activities before tax	**7.4**	16.9	(3.3)	13.6
Profit on ordinary activities multiplied by the standard rate of corporation tax in the United Kingdom of 28% (2008: 30%)	**2.1**	5.1	(1.0)	4.1
Effects of:				
(Income not allowable)/Expenses not deductible for tax purposes	**(0.3)**	(4.7)	1.0	(3.7)
Accelerated capital allowances and other timing differences	**(0.9)**	(0.2)	-	(0.2)
Adjustments to tax charge in respect of previous year	**(0.1)**	(0.1)	-	(0.1)
Current tax charge for the year	**0.8**	0.1	-	0.1

12 Profit for the financial year

As permitted by Section 230 of the Companies Act 1985, the company's profit and loss account has not been included in these financial statements. The company's loss after taxation, including dividends receivable and payable was £0.9m (2008: £0.8m).

13 Intangible assets

The company has no intangible assets. Details relating to the group are as follows:-

	Goodwill
	£'m
Cost	
At 1 April 2008	28.4
Additions	0.7
At 31 March 2009	**29.1**
Accumulated amortisation	
At 1 April 2008	5.0
Charge for year	3.0
At 31 March 2009	**8.0**
Net book value	
At 31 March 2009	**21.1**
At 31 March 2008	23.4

Additions relate to acquisitions of small independent coal merchants.

Goodwill includes £1.6m (2008: £1.3m) arising on the acquisition of small independent coal merchants.

Notes to the financial statements continued

for the year ended 31 March 2009

14 Tangible assets

The company has no tangible assets. Details of those relating to the group are as follows:-

	Freehold land and buildings £'m	Long leasehold land and buildings £'m	Short leasehold land and buildings £'m	Industrial buildings £'m	Plant, machinery and equipment £'m	Motor vehicles £'m	Total £'m
Cost							
At 1 April 2008	8.0	0.7	0.7	3.1	56.5	0.9	69.9
Additions	-	-	-	-	1.2	0.4	1.6
Additions from business acquisitions	0.1	-	-	-	0.1	-	0.2
Disposals	(0.1)	(0.6)	(0.1)	(0.1)	(2.0)	(0.2)	(3.1)
31 March 2009	**8.0**	**0.1**	**0.6**	**3.0**	**55.8**	**1.1**	**68.6**
Accumulated depreciation							
At 1 April 2008	2.5	0.5	0.6	2.6	52.6	0.7	59.5
Charge for year	0.1	-	-	-	0.8	0.2	1.1
Disposals	(0.1)	(0.5)	-	(0.1)	(1.7)	(0.2)	(2.6)
At 31 March 2009	**2.5**	**-**	**0.6**	**2.5**	**51.7**	**0.7**	**58.0**
Net book value							
At 31 March 2009	**5.5**	**0.1**	**-**	**0.5**	**4.1**	**0.4**	**10.6**
At 31 March 2008	5.5	0.2	0.1	0.5	3.9	0.2	10.4

The group is in the process of preparing a submission for planning consent for change of use of the former Cwm Coking Works and the former Aberaman Briquetting Works. Planning consent has been granted to redevelop surplus land adjacent to its Head Office in Chesterfield. The group anticipate realising in excess of current net book value for all three sites.

15 Investments

The group has no fixed asset investments.

Company	£'m
Cost or valuation at 31 March 2008 and at 31 March 2009	**56.2**

The company's fixed asset investments represent its interest in CPL Industries Limited which in turn has interests in other group undertakings at cost (note 16).

Notes to the financial statements continued

for the year ended 31 March 2009

16 Interests in group undertakings

The following information relates to those subsidiary undertakings whose results or financial position, in the opinion of the directors, principally affected the figures of the group.

Name of undertaking	Nature of business	Proportion of nominal value of issued shares held by: Group %	Company %	Country of incorporation
CPL Industries Limited	Holding company	100	100	England & Wales
CPL Investments (Jersey) Limited	Group finance	100	-	Jersey
Coal Products Limited	Manufacture and sale of solid fuels	100	-	England & Wales
CPL Distribution Limited	Distribution of solid fuels	100	-	England & Wales
Carbon Link Limited	Sale of activated carbon	70	-	England & Wales
Palco Shipping & Trading Limited	Stevedoring	100	-	England & Wales
Heptagon Limited	Holding company	100	-	England & Wales
Walter H Feltham and Son Limited	Manufacture and sale of bags	100	-	England &Wales

On 5 June 2008 the group sold the business and assets of Palco Shipping & Trading Limited for £0.7m cash to Calport Limited, on which the group made a profit of £0.4m. Details of the sale are shown in note 29.

On 3 December 2008 the group established CPL Investments (Jersey) Limited to act as an intergroup financing company.

All shares held in subsidiary companies noted above, excluding Heptagon Limited, are £1 ordinary shares. Shares held in Heptagon Limited are 1p ordinary shares and 10p redeemable cumulative preference shares.

The directors believe that the book value of investments is supported by their underlying net assets.

17 Stocks

	Group 2009 £'m	Group 2008 £'m	**Company 2009 £'m**	Company 2008 £'m
Raw materials and consumables	**4.2**	2.6	-	-
Finished goods and goods for resale	**8.3**	5.9	-	-
	12.5	8.5	-	-

18 Debtors

	Group 2009 £'m	Group 2008 £'m	**Company 2009 £'m**	Company 2008 £'m
Trade debtors	**14.2**	12.7	**-**	-
Other debtors	**1.2**	1.7	**-**	-
Prepayments	**0.9**	0.7	**-**	-
	16.3	15.1	**-**	-

19 Creditors: amounts falling due within one year

	Group 2009 £'m	Group 2008 £'m	**Company 2009 £'m**	Company 2008 £'m
Bank loans (note 20)	**2.9**	4.6	**-**	-
Trade creditors	**19.6**	12.6	**-**	-
Other creditors	**0.1**	0.8	**-**	-
Corporation tax	**1.0**	0.1	**-**	-
Other taxation and social security	**0.9**	1.3	**-**	-
Accruals	**6.5**	5.0	**2.1**	1.2
	31.0	24.4	**2.1**	1.2

20 Creditors: amounts falling due after more than one year

Borrowings and other creditors	**Group 2009 £'m**	Group 2008 £'m	**Company 2009 £'m**	Company 2008 £'m
Bank loans	**9.5**	18.2	**-**	-
Preference shares	**5.3**	5.3	**5.3**	5.3
Amounts owed to group companies	**-**	-	**50.2**	50.2
	14.8	23.5	**55.5**	55.5

Bank loans	**Group 2009 £'m**	Group 2008 £'m	**Company 2009 £'m**	Company 2008 £'m
Mezzanine loan	**-**	5.0	**-**	-
Senior term loan	**7.5**	12.2	**-**	-
Property term loans	**4.8**	5.3	**-**	-
Equipment term loans	**-**	0.1	**-**	-
Debtor facility	**0.1**	0.2	**-**	-
	12.4	22.8	**-**	-
Repayable as follows:				
In one year or less	**2.9**	4.6	**-**	-
Between one and two years	**2.9**	4.4	**-**	-
Between two and five years	**6.6**	13.8	**-**	-
	12.4	22.8	**-**	-

20 Creditors: amounts falling due after more than one year continued

All loans, including the debtor facility, are secured by a fixed and floating charge over all assets. Interest is payable on the senior, property and equipment term loans and debt facility, based on LIBOR plus margins ranging from 2.00% to 3.00%.

The senior and equipment term loans are repayable in instalments over 5 years. The property term loan is repayable in instalments based on an initial 9 year term from May 2006 although the balance outstanding after five years is repayable in full in May 2011.

The debtor facility is repayable on demand and fluctuates daily based on sales and debtor payments. This has been classified as amounts due within one year although it is part of a five year facility maturing in May 2011.

£5,335,000 cumulative redeemable preference shares were issued on 12 May 2006 for cash. The preference shares are redeemable at par value at the company's discretion and carry a coupon rate of LIBOR plus 6%.

The preference shareholders receive dividends in priority to the holders of any other shares in the capital of the company. Dividend arrears on these preference shares at 31 March 2009 were £2.0m (2008: £1.2m) which has been included within the net interest expense in the profit and loss account. The preference shares are generally non-voting and have preferential rights to return of capital on winding up. The company can redeem the preference shares subject to certain provisions, at any time. The preference shares are automatically redeemable on the listing of the company.

Amounts owed to group companies are unsecured, interest free and repayable on demand.

21 Provisions for liabilities and charges

Group	Pensions and similar obligations £'m	Property £'m	Other provisions £'m	Total £'m
At 1 April 2008	0.7	1.1	0.3	2.1
Amounts utilised in the year	-	(0.3)	(0.3)	(0.6)
Amounts created in the year	-	0.2	-	0.2
At 31 March 2009	**0.7**	**1.0**	**-**	**1.7**

Pensions and similar obligations
The group has obligations to certain former employees to provide enhanced pensions and concessionary solid fuel in retirement. These provisions are based on the advice of actuaries and updated annually.

Property
The group has a number of leasehold properties which are vacant or partly sublet. Provision has been made for the residual lease commitments, together with other outgoings, for the year of the leases in which these commitments are estimated to accrue.

Regular assessments of the condition of the group's leased properties are carried out and provision is made for the anticipated cost of returning the properties to their condition at the commencement of the lease. The provision will continue to be utilised as properties are vacated or require repair.

Notes to the financial statements continued

for the year ended 31 March 2009

21 Provisions for liabilities and charges continued

Other provisions
Other provisions principally relate to accrued insurance costs.

Deferred taxation
The group has an unprovided deferred tax asset of £32.9m (2008: £33.5m) relating to corporation tax losses carried forward, accelerated capital allowances, short term timing differences and pension scheme deficits.

Company
The company has no provisions for liabilities and charges.

22 Pension and similar obligations

The group operates or contributes to a number of pension schemes in the United Kingdom. The assets of all pension schemes are held separately to those of the group. Pension costs are assessed in accordance with the advice of professionally qualified independent actuaries.

The group contributes to a number of defined contribution pension schemes. All new employees of the group are offered admittance to the defined contribution section of the CPL Industries Pension Plan.

Pension costs for defined contribution schemes are as follows:

	Group		Company	
	2009	2008	**2009**	2008
	£'m	£'m	**£'m**	£'m
Defined contribution schemes	**0.5**	0.7	**-**	-

The balance sheet creditor as at the year end was £115,000 (2008: £279,000).

Defined benefit schemes
Three of the major schemes are defined benefit schemes which have been closed to new entrants since 1999. They are all funded schemes based on final salary. On 31 January 2009 the CPL Distribution Pension and Life Assurance Scheme was merged with the CPL Industries Pension Plan. The combined scheme will operate under the name of CPL Industries Pension Plan. The results of the most recent triennial valuation of the schemes were:

	CPL Industries Pension Plan	**CPL Distribution Pension and Life Assurance Scheme**	**IWCSS Scheme**	**IWMP Scheme**
Date of last actuarial valuation	31 March 2008	1 April 2007	31 December 2006	31 December 2006
Method used	Projected unit	Defined accrued benefit	Projected unit	Projected unit
Market value of investments £'m	75.6	17.5	14.0	6.3
Deficit £'m	(12.6)	(9.7)	(4.4)	(2.5)
Level of funding	86%	64%	76%	72%
Main assumptions				
Rate of price inflation	3.60%	3.20%	2.90%	2.90%
Return on investments	5.50%	5.30%	5.12%	5.12%
Increase in earnings	N/A	N/A	3.90%	3.90%

22 Pension and similar obligations continued

Defined benefit schemes continued

The group has agreed increased contributions designed to eliminate the deficiencies. The group paid normal ongoing contributions to the defined benefit schemes of £0.7m (2008: £0.5m), agreed additional contributions of £2.6m (2008: £2.5m) and made additional one-off contributions funded by asset disposal proceeds of £0.3m (2008: £2.6m) in the year to 31 March 2009.

The defined benefit section of the CPL Industries Pension Plan has been closed to future accruals of benefit with effect from 30 April 2004. This does not affect pension benefits earned to that date and all members of those schemes were invited to join the defined contribution section of the CPL Industries Pension Plan. The IWCSS and IWMP schemes are closed to new entrants.

The calculation for inclusion of amounts in the accounts have been based on the following valuation dates updated to 31 March 2009 by professionally qualified independent actuaries:

Industry Wide Coal Staff Superannuation (IWCSS) Scheme	31 December 2006
Industry Wide Mineworkers Pension (IWMP) Scheme	31 December 2006
CPL Distribution Pension and Life Assurance Scheme	1 April 2007
CPL Industries Pension Plan	31 March 2008

The major assumptions used by the actuaries were:

	31 March 2009	31 March 2008
Discount rate	**6.90%**	6.75%
Rate of increase in salaries	**2.80%**	3.55%
Rate of increases of inflation linked pensions in payment	**2.80%**	3.45% to 3.55%
Inflation assumption	**2.80%**	3.55%

The assets of the schemes are invested in investment funds managed by a number of independent fund managers. The market value of the assets of the schemes were:

	Market value £'m 31 March 2009	**Long term expected rate of return 31 March 2009**	Market value £'m 31 March 2008	Long term expected rate of return 31 March 2008
Equities	**46.7**	**8.20%**	68.2	8.30%
Bonds	**26.3**	**4.20% to 6.90%**	35.1	6.38%
Property	**5.5**	**8.20%**	8.7	8.30%
Cash	**11.5**	**4.20%**	1.8	4.80%
Total	**90.0**		113.8	

Notes to the financial statements continued

for the year ended 31 March 2009

22 Pension and similar obligations continued

Pensions and post-retirement obligations

The amounts recognised in the balance sheet are determined as follows:

	Group 31 March 2009 £'m	31 March 2008 £'m
Total market value of assets	**90.0**	113.8
Present value of schemes' liabilities	**(104.7)**	(113.2)
Related deferred tax asset/(liability)	**4.1**	(0.2)
Net retirement benefit (liability)/asset	**(10.6)**	0.4

	Surplus/(deficit) £'m	Related deferred tax £'m	Net pension asset/(liability) £'m
Comprising:			
Surpluses	**0.4**	**(0.1)**	**0.3**
Deficits	**(15.1)**	**4.2**	**(10.9)**
Net retirement benefit asset/(liability)	**(14.7)**	**4.1**	**(10.6)**

The following amounts have been recognised in the financial statements under the requirements of FRS17:

Analysis of amounts credited/(charged) to operating profit	2009 £'m	2008 £'m
Current service cost	**(0.4)**	(0.5)
Past service gain on liability reduction exercise	**1.1**	-
	0.7	(0.5)

Analysis of amounts credited to other finance income	2009 £'m	2008 £'m
Expected return on schemes' assets	**8.4**	8.2
Interest on schemes' liabilities	**(7.5)**	(6.7)
Net return	**0.9**	1.5

Analysis of amounts recognised in the statement of total recognised gains and losses (STRGL)

	2009 £'m	2008 £'m
Actual return less expected return on schemes' assets	**(30.7)**	(12.4)
Experience gains arising on schemes liabilities	**2.1**	0.1
Changes in assumptions underlying the present value of the schemes' liabilities	**8.0**	19.5
Actuarial (loss)/gain recognised in STRGL	**(20.6)**	7.2

Movements in surplus/(deficit) for the year

	2009 £'m	2008 £'m
Surplus/(deficit) in schemes at beginning of the year	**0.6**	(13.2)
Movement in year:		
Current service cost	**(0.4)**	(0.5)
Past service cost gain on liability reduction exercise	**1.1**	-
Contributions	**3.7**	5.6
Other finance income	**0.9**	1.5
Actuarial (loss)/gain	**(20.6)**	7.2
(Deficit)/surplus in schemes at end of the year	**(14.7)**	0.6

22 Pension and similar obligations continued

Details of experience gains and losses for the year

	2009 £'m	2008 £'m	2007 £'m	2006 £'m	2005 £'m
Difference between the expected and actual return on schemes' assets:					
Amount	**(30.7)**	(12.4)	(0.7)	14.7	3.3
Percentage of schemes' assets	**34%**	11%	1%	13%	4%
Experience gains/(losses) on schemes liabilities:					
Amount	**2.1**	0.1	(0.2)	0.0	3.9
Percentage of the present value of schemes' liabilities	**2%**	0%	0%	0%	3%
Total amount recognised in statement of total recognised gains and losses:					
Amount	**(20.6)**	7.2	3.3	2.0	5.4
Percentage of the present value of schemes' liabilities	**20%**	6%	3%	2%	5%

23 Called up share capital

	Group and company 2009 £'000	2008 £'000
Authorised		
186,352 voting A shares of 1p each	**1.9**	1.9
493,648 non voting A shares of 1p each	**4.9**	4.9
120,000 B ordinary shares of 1p each	**1.2**	1.2
	8.0	8.0

	2009 £'000	2008 £'000
Allotted and fully paid		
186,352 voting A shares of 1p each	**1.9**	1.9
493,648 non voting A shares of 1p each	**4.9**	4.9
120,000 B ordinary shares of 1p each (2008: 96,000)	**1.2**	1.0
	8.0	7.8

On a return of capital the voting A shares rank in priority to the B ordinary shares. The preference shares (note 20), the B ordinary shares and the non voting A shares shall not entitle the holders thereof to receive notice of, attend or vote at general meetings of the company.

On 18 September 2008 24,000 B ordinary shares were issued for a par value of 1p each and a share premium of 92.75p each for a total consideration of £22,500 which was received in cash.

24 Reserves

	Group		Company	
	Share premium account £'m	Profit and loss account £'m	Share premium account £'m	Profit and loss account £'m
At 31 March 2008	0.8	19.7	0.8	(1.3)
Profit/(loss) for the year	-	5.2	-	(0.9)
Actuarial loss on the pension scheme	-	(20.6)	-	-
Movement on deferred tax relating to pension liability	-	5.9	-	-
At 31 March 2009	**0.8**	**10.2**	**0.8**	**(2.2)**

The group has no share of post acquisition reserves of associated undertakings.

25 Reconciliation of net cash flow to movement in net debt

	2009 £'000	2008 £'000
(Decrease)/increase in cash in the year	**(4.1)**	6.6
Cash outflow from decrease in debt	**10.4**	38.6
Movement in net debt in the year	**6.3**	45.2
Net debt brought forward	**(15.0)**	(60.2)
Net debt carried forward (note 2)	**(8.7)**	(15.0)

26 Capital commitments

The group and company had no capital commitments at 31 March 2009 (2008: £nil).

27 Contingent liabilities

The group and company had no contingent liabilities at 31 March 2009 (2008: £nil).

28 Financial commitments

At 31 March 2009 the group had annual commitments under non-cancellable operating leases as follows:

	2009		2008	
	Land and buildings £'m	**Other £'m**	Land and buildings £'m	Other £'m
Expiring within one year	**0.1**	**0.1**	0.2	0.4
Expiring between two and five years inclusive	**0.6**	**1.0**	0.6	0.8
Expiring after more than five years	**1.2**	**0.1**	0.7	0.1
	1.9	**1.2**	1.5	1.3

28 Financial commitments continued

Forward transactions

At 31 March 2009 the group had outstanding forward transactions to hedge foreign currencies as follows:

	Currency		Sterling equivalent	
	2009 $/€'m	2008 $/€'m	2009 £'m	2008 £'m
Maturing within one year				
To hedge payment of purchases made in				
US Dollars	4.1	0.2	2.9	0.1
To hedge receipt of sales made in				
US Dollars	0.5	0.1	0.4	-
Canadian Dollars	-	0.2	-	0.1
Euros	6.2	4.3	5.5	3.2

29 Sale of business

On 5 June 2008 the group sold the business and assets of Palco Shipping & Trading Limited for £0.7m cash to Calport Limited. Details of the sale are shown below:

	£'m
Fixed assets	
Intangible assets	0.1
Tangible assets	0.2
Net assets	**0.3**
Profit on sale	**0.4**
Consideration	**0.7**

30 Ultimate controlling party

The directors do not regard any one party to have a controlling interest in the company.

31 Related party transactions

Details of the group's principal associated undertakings are set out in note 16. There were no transactions with the group's associated undertakings during the year (2008: £nil).

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