

Financial Statements Cobham Aluminium & Stainless Holdings Limited

For the year ended 31 December 2014



Registered number: 7543335

Company Information

Directors	R W Colburn B A King
Company secretary	M Hale
Registered number	7543335
Registered office	25 High Street Cobham Surrey KT11 3DH
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 1020 Eskdale Road Winnersh Wokingham Berkshire RG41 5TS

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Directors' report

For the year ended 31 December 2014

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

Results and dividends

The profit for the year, after taxation, amounted to £7,328,600 (2013 - £392,095).

The directors have not recommended a dividend (2013 - £nil).

Directors

The directors who served during the year were:

R W Colburn
B A King

Directors' responsibilities statement

The directors are responsible for preparing the Group 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

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

Directors' report

For the year ended 31 December 2014

Provision of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company and the group's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the group's auditor is aware of that information.

Political contributions

The group did not make any donations during the year ended 31 December 2014 (2013 - £nil).

Financial risk management objectives and policies

The group uses a variety of financial instruments including cash, borrowings, equity investments and various items, such as trade debtors and trade creditors, that arise directly from its operations. The main purpose of these financial instruments is to provide working capital for the group's operations.

The directors are of the view that the main risks arising from the group's financial instruments are liquidity risk, market risk and credit risk. The directors review and agree policies for managing each of these risks and they are summarised below. These policies remain unchanged from previous years.

Liquidity risk

The group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Market risk

The group is exposed to transaction foreign exchange risk. Transaction exposures, including those associated with forecast transactions, are hedged when known, principally using forward currency contracts. Fluctuations in metal prices are reviewed on a regular basis and taken into consideration when placing purchase orders and setting the selling price of the group's stock range.

Credit risk

The group's principal financial assets are cash and trade debtors. The credit risk associated with the cash is limited as the counterparties have high credit ratings assigned by international credit-rating agencies. The principal credit risk arises therefore from its trade debtors.

In order to manage credit risk the directors set a policy of monitoring exposure with customers based on a combination of payment history and third party credit references. Exposure levels are reviewed by senior management on a regular basis.

Employee consultation and disabled employees

Recruitment policies are designed to ensure equal opportunity of employment regardless of race or sex. Appropriate consideration is given to disabled applicants in offering employment.

Good communications and relations with employees are attempted, mainly by practices developed in each operating unit compatible with its own particular circumstances. Senior management are kept informed of group developments in certain financial, commercial, strategic and personnel matters as needed, and are thereby enabled to inform and discuss with the employees as appropriate at the individual operating units.

Directors' report

For the year ended 31 December 2014

Auditor

Under section 487(2) of the Companies Act 2006, Grant Thornton UK LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board and signed on its behalf.


B A King
Director

Date: 28/9/2015

Group strategic report

For the year ended 31 December 2014

The directors are pleased to present their strategic report for the year ended 31 December 2014.

Principal activities

The principal activity of the group during the year was metal stockholding and the principal activity of this company was to act as a holding company.

The subsidiary undertakings principally affecting the profits or net assets of the group during the year are listed in note 11 to the financial statements.

Business review

The profit for the year, after taxation, amounted to £7,328,600 (2013 - £392,095). The directors have not recommended a dividend (2013 - £nil).

Various key performance indicators are used by the directors to monitor and compare the performance of the group. They regard the following as the key financial indicators of performance, all of which can be observed in the attached financial statements.

- Turnover £76.6 million (2013 - £74.7 million)
- Profit before tax £8.0 million (2013 - £0.9 million)
- Net assets £15.0 million (2013 - £7.6 million)
- Average number of employees decreased from 328 to 322

The directors are reasonably satisfied with the performance in the year although they believe that the result can be improved upon in future periods.

Principal risks and uncertainties


The principal risks and uncertainties of the group are fluctuations in raw material prices, movements in exchange rates, changes in government legislation, costs of complying with excessive and burdensome government regulation and the credit risk arising from trade debtors.

The ultimate shareholder has requested that the directors include the following statement in the Strategic report - the ultimate parent company is privately held, as is the company, and they believe the requirement to publish private accounts is a violation of both the spirit and law under European Union right to privacy legislation.

Going concern

The directors have considered forecasted results for the group, taking into account the ongoing support from its ultimate parent company, the business activities and the markets in which it operates, and the forecasts indicate that sufficient funds are available for the group to be able to continue in operational existence for the foreseeable future. Accordingly, the financial statements continue to be prepared on the going concern basis.

This report was approved by the board and signed on its behalf.


B A King
Director
Date: 28/9/2015



Independent auditor's report to the member of Cobham Aluminium & Stainless Holdings Limited

We have audited the financial statements of Cobham Aluminium & Stainless Holdings Limited for the year ended 31 December 2014, which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement and reconciliation of net cash flow to movement in net funds and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Independent auditor's report to the member of Cobham Aluminium & Stainless Holdings Limited

Basis for qualified opinion on financial statements

For the year ended 31 December 2013, included in stock shown on the balance sheet is a stock provision, against specific stock lines, of £8,387,000 in order to ensure stock is valued at the lower of either cost or net realisable value. Subsequent to 31 December 2013, and prior to the approval of those financial statements, the group had sold some of these stock lines at a level in excess of their original cost and therefore stock has been understated by approximately £1,980,000. Accordingly, within the balance sheet at 31 December 2013, stocks held should have been increased by approximately £1,980,000, the corporation tax liability should have been increased by approximately £460,000 and retained earnings should have been increased by £1,520,000.

Since opening stock enters into the determination of the profit and loss account, the reversal of the above stock provision and associated corporation tax impact has occurred in the year and accordingly the profit for the year should be reduced by £635,000. We are therefore unable to state that the profit for the year reported in the profit and loss account gives a true and fair view of the company's result.

For the year ended 31 December 2014, included in stock shown on the balance sheet is a stock provision, against specific stock lines, of £2,223,000 in order to ensure stock is valued at the lower of either cost or net realisable value. Subsequent to 31 December 2014, and prior to the approval of these financial statements, the group had sold some of these stock lines at a level in excess of their original cost and therefore stock has been understated by approximately £615,000. Accordingly, within the balance sheet at 31 December 2014, stocks held should be increased by approximately £615,000, the corporation tax liability should be increased by approximately £132,000 and profit for the year and retained earnings should be increased by £483,000.

Qualified opinion on financial statements

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements:

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

Opinion on other matter prescribed by the Companies Act 2006

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



Independent auditor's report to the member of Cobham Aluminium & Stainless Holdings Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

A handwritten signature in black ink, appearing to read "Grant Thornton" followed by a flourish.

James Rogers (Senior statutory auditor)
for and on behalf of
Grant Thornton UK LLP
Statutory Auditor
Chartered Accountants
Reading

Date: 29 September 2015

Consolidated profit and loss account

For the year ended 31 December 2014

	Note	2014 £	2013 £
Turnover	1,2		
Continuing operations		62,249,787	74,747,320
Discontinued operations		14,318,839	-
		<u>76,568,626</u>	<u>74,747,320</u>
Change in stocks of finished goods		(6,387,564)	(6,504,925)
Raw materials and consumables		(45,309,914)	(47,050,753)
Other external charges		(8,081,481)	(7,390,405)
Staff costs		(11,567,695)	(10,612,997)
Depreciation and amortisation		<u>(1,506,471)</u>	<u>(1,482,356)</u>
Operating profit	3		
Continuing operations		4,480,301	1,705,884
Discontinued operations		(764,800)	-
		<u>3,715,501</u>	<u>1,705,884</u>
Exceptional items			
Profit on sale of subsidiary undertaking	30	4,965,975	-
		<u>8,681,476</u>	<u>1,705,884</u>
Profit on ordinary activities before interest			
Interest income	6	363,513	7,345
Interest expense and similar charges	7	(1,024,760)	(825,083)
		<u>8,020,229</u>	<u>888,146</u>
Profit on ordinary activities before taxation			
Tax on profit on ordinary activities	8	(691,629)	(496,051)
		<u>7,328,600</u>	<u>392,095</u>
Profit for the financial year	22		
		<u><u>7,328,600</u></u>	<u><u>392,095</u></u>

There were no recognised gains and losses for 2014 or 2013 other than those included in the Profit and loss account.

The notes on pages 12 to 28 form part of these financial statements.

Consolidated balance sheet

As at 31 December 2014

	Note	£	2014 £	£	2013 £
Fixed assets					
Intangible assets	9		1,168,909		2,357,360
Tangible assets	10		1,504,842		1,964,668
			<u>2,673,751</u>		<u>4,322,028</u>
Current assets					
Stocks	12	12,443,237		18,830,801	
Debtors	13	30,310,172		15,792,023	
Cash at bank and in hand		5,029,397		7,949,920	
		<u>47,782,806</u>		<u>42,572,744</u>	
Creditors: amounts falling due within one year	14	(14,267,204)		(18,885,234)	
Net current assets			<u>33,515,602</u>		<u>23,687,510</u>
Total assets less current liabilities			<u>36,189,353</u>		<u>28,009,538</u>
Creditors: amounts falling due after more than one year	15		(20,415,441)		(19,610,189)
Provisions for liabilities					
Other provisions	17		(798,228)		(752,265)
Net assets			<u><u>14,975,684</u></u>		<u><u>7,647,084</u></u>
Capital and reserves					
Called up share capital	21		5,500,000		5,500,000
Profit and loss account	22		9,475,684		2,147,084
Shareholder's funds	23		<u><u>14,975,684</u></u>		<u><u>7,647,084</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


B A King
Director

Date: 28/9/2015

The notes on pages 12 to 28 form part of these financial statements.

Company balance sheet

As at 31 December 2014

	Note	£	2014 £	£	2013 £
Fixed assets					
Investments	11		9,876,334		20,317,148
Current assets					
Debtors	13	17,356,923		2,088,133	
Cash at bank and in hand		115,905		7,553	
			<u>17,472,828</u>		<u>2,095,686</u>
Total assets less current liabilities			<u>27,349,162</u>		<u>22,412,834</u>
Creditors: amounts falling due after more than one year	15		<u>(20,207,738)</u>		<u>(19,223,749)</u>
Net assets			<u><u>7,141,424</u></u>		<u><u>3,189,085</u></u>
Capital and reserves					
Called up share capital	21		5,500,000		5,500,000
Profit and loss account	22		<u>1,641,424</u>		<u>(2,310,915)</u>
Shareholder's funds	23		<u><u>7,141,424</u></u>		<u><u>3,189,085</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


B A King
Director

Date: 28/9/2015

The notes on pages 12 to 28 form part of these financial statements.

Consolidated cash flow statement

For the year ended 31 December 2014

	Note	2014 £	2013 £
Net cash flow from operating activities	24	(10,695,111)	10,245,735
Returns on investments and servicing of finance	25	(661,247)	(817,738)
Taxation		(704,571)	(518,636)
Capital expenditure and financial investment	25	(1,020,146)	(502,489)
Acquisitions and disposals	25	13,739,577	-
Cash inflow before financing		658,502	8,406,872
Financing	25	(3,579,025)	(4,706,227)
(Decrease)/Increase in cash in the year		(2,920,523)	3,700,645

Reconciliation of net cash flow to movement in net funds

For the year ended 31 December 2014

	2014 £	2013 £
(Decrease)/Increase in cash in the year	(2,920,523)	3,700,645
Cash outflow from decrease in debt and lease financing	3,579,025	4,706,227
Movement in net debt in the year	658,502	8,406,872
Net funds/(debt) at 1 January 2014	2,809,892	(5,596,980)
Net funds at 31 December 2014	3,468,394	2,809,892

The notes on pages 12 to 28 form part of these financial statements.

Notes to the financial statements

For the year ended 31 December 2014

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable UK accounting standards.

The principal activities of the group are set out below. The directors have reviewed the accounting policies and consider that they are appropriate for the group.

1.2 Going concern

The directors have considered forecasted results for the group, taking into account the ongoing support from its ultimate parent company, the business activities and the markets in which it operates, and the forecasts indicate that sufficient funds are available for the group to be able to continue in operational existence for the foreseeable future. Accordingly, the financial statements continue to be prepared on the going concern basis.

1.3 Consolidation

The results of subsidiaries sold are included up to the effective date of disposal.

The consolidated financial statements include the financial statements of the parent company and its subsidiaries made up to the end of the financial year. Profits and losses on intra group transactions are eliminated in full.

On acquisition of a subsidiary its net assets acquired are consolidated at a fair value reflecting their condition at the date of acquisition. All changes to those assets and liabilities, and the resulting gains and losses, that arise after the group has gained control of the subsidiary are credited and charged to the post-acquisition profit and loss account or the statement of recognised gains and losses as appropriate.

On disposal of a subsidiary the results of the subsidiary are included in the profit and loss account up until the date that control has passed. The profit or loss on disposal is calculated as the difference between the proceeds received and the fair value of the net assets disposed of and the carrying value of consolidated goodwill relating to the subsidiary at the date that control has passed.

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life of five years. Provision is made for any impairment losses.

1.4 Turnover

Turnover shown in the profit and loss account represents the total invoice value of goods supplied during the year, exclusive of Value Added Tax.

Turnover is recognised when all of the following criteria are met:

- persuasive evidence of an arrangement exists;
- delivery has occurred or services have been rendered;
- the seller's price to the buyer is fixed and determinable; and
- collectability is reasonably assured.

Notes to the financial statements

For the year ended 31 December 2014

1. Accounting policies (continued)

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold Property Improvements -	over the lease term
Plant, Equipment & Motor Vehicles -	9 - 33%

1.6 Investments

Fixed asset investments are shown at cost less provision for impairment.

1.7 Stocks

Stocks are valued at the lower of either cost or net realisable value after making due allowance for obsolete and slow moving stocks.

1.8 Operating leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

1.9 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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exception:

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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

1.10 Finance lease agreements

Where the group enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments.

Notes to the financial statements

For the year ended 31 December 2014

1. Accounting policies (continued)

1.11 Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling either at the rate of exchange ruling at the date of the transaction or the rate used to hedge the foreign currency transaction. Exchange differences are taken into account in arriving at the operating profit.

1.12 Pensions

The pension costs charged against profits represent the amount of the contributions payable to the schemes in respect of the accounting period.

1.13 Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

1.14 Property dilapidations

Under certain operating leases for land and buildings, the group is obligated to make repairs of dilapidations to the leased property upon the expiry of the lease. The group charges amounts to profit and loss so that, by the end of the lease, a total provision is accrued that is estimated to be equal to the future costs of those dilapidation obligations. Where repairs are made part way through the lease that will reduce the estimated costs of dilapidation obligations at the expiry of the lease, the costs of those repairs are charged against the dilapidation provision.

The dilapidation provision is presented on an undiscounted basis as the impact of the time value of money is not deemed material.

Notes to the financial statements

For the year ended 31 December 2014

2. Turnover

The whole of the turnover is attributable to the principal activity of the group. A geographical analysis of turnover is as follows:

	2014	2013
	£	£
United Kingdom	66,977,834	67,362,954
Rest of European Union	6,873,042	5,676,565
Rest of world	2,717,750	1,707,801
	<u>76,568,626</u>	<u>74,747,320</u>

3. Operating profit

The operating profit is stated after charging/(crediting):

	2014	2013
	£	£
Amortisation - intangible fixed assets	904,172	904,172
Depreciation of tangible fixed assets:		
- owned by the group	462,388	442,126
- held under finance leases	151,069	136,058
Auditor's remuneration - audit fees	48,000	47,100
Auditor's remuneration - taxation services	7,850	7,700
Operating lease rentals:		
- plant and machinery	324,490	103,315
- land and buildings	1,650,396	1,648,783
Profit on disposal of fixed assets	(11,158)	(700)
Difference on foreign exchange	(17,177)	7,165
	<u></u>	<u></u>

4. Staff costs

Staff costs, including directors remuneration, were as follows:

	2014	2013
	£	£
Wages and salaries	10,212,949	9,408,594
Social security costs	1,090,401	994,249
Other pension costs	264,345	210,154
	<u>11,567,695</u>	<u>10,612,997</u>

Notes to the financial statements

For the year ended 31 December 2014

4. Staff costs (continued)

The average monthly number of employees, including the directors, during the year was as follows:

2014	2013
No.	No.
322	328

5. Directors' remuneration

	2014	2013
	£	£
Remuneration	47,436	-

During the year retirement benefits were accruing to 1 director (2013 - NIL) in respect of defined contribution pension schemes.

During the year retirement benefits were accruing to 1 director (2013 - nil) in respect of defined contribution pension schemes.

6. Interest income

	2014	2013
	£	£
Interest from related undertakings	356,845	-
Other interest	6,668	7,345
	363,513	7,345

7. Interest expense and similar charges

	2014	2013
	£	£
Bank interest on borrowings	24,743	154,806
Interest on finance leases	23,846	34,801
Interest expense related undertakings	976,171	635,476
	1,024,760	825,083

Notes to the financial statements

For the year ended 31 December 2014

8. Taxation

	2014 £	2013 £
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	881,859	743,282
Adjustments in respect of prior periods	(200,760)	(233,033)
Total current tax	<u>681,099</u>	<u>510,249</u>
Deferred tax (see note 16)		
Origination and reversal of timing differences	10,530	(14,198)
Tax on profit on ordinary activities	<u>691,629</u>	<u>496,051</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2013 - higher than) the standard rate of corporation tax in the UK of 21.5% (2013 - 23.25%). The differences are explained below:

	2014 £	2013 £
Profit on ordinary activities before tax	<u>8,020,229</u>	<u>888,146</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.5% (2013 - 23.25%)	1,724,349	206,494
Effects of:		
Expenses not deductible for tax purposes	25,454	229,975
Fixed asset timing differences	200,272	34,142
Adjustments to tax charge in respect of prior periods	(200,760)	(233,033)
Other timing differences	(531)	1,843
Income not taxable for tax purposes on disposal of subsidiary	(1,067,685)	-
Unrelieved tax losses	-	138,404
Utilisation of tax losses and other deductions	-	132,424
Current tax charge for the year (see note above)	<u>681,099</u>	<u>510,249</u>

Notes to the financial statements

For the year ended 31 December 2014

9. Intangible fixed assets

Group	Goodwill £
Cost	
At 1 January 2014	4,520,863
On disposal of subsidiary undertaking	(710,698)
At 31 December 2014	3,810,165
Amortisation	
At 1 January 2014	2,163,503
Charge for the year	904,172
On disposals of subsidiary undertaking	(426,419)
At 31 December 2014	2,641,256
Net book value	
At 31 December 2014	1,168,909
At 31 December 2013	2,357,360

10. Tangible fixed assets

Group	Plant, Equipment & Motor Vehicles £	Leasehold Property Improve- ments £	Total £
Cost			
At 1 January 2014	9,503,731	263,932	9,767,663
Additions	898,633	166,019	1,064,652
Disposals	(597,183)	-	(597,183)
On disposal of subsidiary undertaking	(2,016,177)	(166,019)	(2,182,196)
At 31 December 2014	7,789,004	263,932	8,052,936
Depreciation			
At 1 January 2014	7,772,109	30,886	7,802,995
Charge for the year	592,585	20,872	613,457
On disposal of subsidiary undertaking	(1,288,255)	(16,268)	(1,304,523)
On disposals	(563,835)	-	(563,835)
At 31 December 2014	6,512,604	35,490	6,548,094
Net book value			
At 31 December 2014	1,276,400	228,442	1,504,842
At 31 December 2013	1,731,622	233,046	1,964,668

Notes to the financial statements

For the year ended 31 December 2014

10. Tangible fixed assets (continued)

Included within the group net book value of £1,504,842 is £590,033 (2013 - £741,102) relating to assets held under finance leases. The depreciation charged to the financial statements in the year in respect of such assets amounted to £151,069 (2013 - £136,058).

11. Investments

Company	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2014	21,128,751
Disposals	(11,252,417)
At 31 December 2014	9,876,334
Impairment	
At 1 January 2014	811,603
Eliminated on disposals	(811,603)
At 31 December 2014	-
Net book value	
At 31 December 2014	9,876,334
At 31 December 2013	20,317,148

The disposals arising during the year relate to the sale of Wilsons Limited, see further details in note 30.

At the year end, the company had a 100% interest in the ordinary share capital of its sole remaining subsidiary Smiths Metal Centres Limited. The company is incorporated in England and Wales and its principal activity is that of metal stockholding.

12. Stocks

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Goods held for resale	12,443,237	18,830,801	-	-

Notes to the financial statements

For the year ended 31 December 2014

13. Debtors

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Trade debtors	12,376,082	14,949,318	-	-
Amounts owed by parent and group undertakings	17,356,923	-	17,356,923	2,087,833
Other debtors	7,903	55,257	-	300
Prepayments and accrued income	552,237	730,225	-	-
Deferred tax asset (see note 16)	17,027	57,223	-	-
	30,310,172	15,792,023	17,356,923	2,088,133

14. Creditors:**Amounts falling due within one year**

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Bank borrowings	1,168,135	4,535,107	-	-
Obligations under finance leases	185,165	218,481	-	-
Trade creditors	9,259,221	10,380,688	-	-
Corporation tax	133,778	157,250	-	-
Other taxation and social security	955,381	1,663,433	-	-
Other creditors	22,317	34,506	-	-
Accruals and deferred income	2,543,207	1,895,769	-	-
	14,267,204	18,885,234	-	-

The bank borrowings disclosed under creditors falling due within one year relate to the invoice discounting and inventory facilities provided by HSBC plc and are secured against the associated trade debtors balance and by fixed and floating charges against the assets of the Group.

15. Creditors:**Amounts falling due after more than one year**

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Obligations under finance leases	207,703	386,440	-	-
Amounts owed to parent undertaking	20,207,738	19,223,749	20,207,738	19,223,749
	20,415,441	19,610,189	20,207,738	19,223,749

Notes to the financial statements

For the year ended 31 December 2014

15. Creditors:**Amounts falling due after more than one year (continued)**

Creditors include amounts not wholly repayable within 5 years as follows:

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Repayable other than by instalments	20,207,738	19,223,749	20,207,738	19,223,749

Obligations under finance leases and hire purchase contracts, included above, are payable as follows:

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Between one and five years	207,703	386,440	-	-

All amounts due under finance leases arrangements are secured on the assets acquired.

The amounts owed to parent undertaking are unsecured and incur interest at the rate of 3% above the Bank of England base rate. The balance due is repayable on or before the 31 December 2021.

16. Deferred taxation

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
At beginning of year	57,223	43,025	-	380
Profit and loss account movement during the year	(10,530)	14,198	-	(380)
On disposal of subsidiary undertaking	(29,666)	-	-	-
At end of year	17,027	57,223	-	-

The deferred tax asset is made up as follows:

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Fixed asset timing differences	9,564	50,505	-	-
Other timing differences	7,463	6,718	-	-
	17,027	57,223	-	-

Notes to the financial statements

For the year ended 31 December 2014

17. Provisions

	Dilapidation provision £
Group	
At 1 January 2014	752,265
Profit and loss movement arising during the period	45,963
At 31 December 2014	<u>798,228</u>

Dilapidation provisions relate to obligations under tenancy leases and are expected to be utilised over the remaining lease terms.

The Company has no provisions.

18. Capital commitments

There were no capital commitments as at 31 December 2014 or 31 December 2013.

19. Pension commitments

The group operate defined contribution pension schemes for the benefit of all enrolled UK employees. The pension cost for the period represents contributions due by the group to the schemes in respect of the financial period and amounted to £264,345 (2013 - £210,154).

20. Operating lease commitments

At 31 December 2014 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings			Other
Group	2014	2013	2014	2013
Expiry date:	£	£	£	£
Within 1 year	239,556	97,978	-	13,733
Between 2 and 5 years	552,000	1,172,451	25,852	72,082
After more than 5 years	18,760	161,876	-	46,230

Notes to the financial statements

For the year ended 31 December 2014

21. Share capital

	2014 £	2013 £
Allotted, called up and fully paid		
2,000,000 Ordinary shares of £1 each	2,000,000	2,000,000
3,500,000 Redeemable preference shares of £1 each	3,500,000	3,500,000
	<u>5,500,000</u>	<u>5,500,000</u>

The shares rank pari-passu with the exception that the redeemable preference shares have no dividend rights. The redeemable preference shares can be redeemed at par at any time (at the option of the company) having given not less than three months previous notice in writing. The notice in writing should state the particular shares to be redeemed, the date fixed for redemption and the time and place at which the certificates for such shares are to be presented for redemption. As such, in accordance with Financial Reporting Standard No. 25 'Financial Instruments: disclosure and presentation', these shares have been presented as equity.

22. Reserves

	Profit and loss account £
Group	
At 1 January 2014	2,147,084
Profit for the financial year	7,328,600
	<u>9,475,684</u>
At 31 December 2014	
Company	
At 1 January 2014	(2,310,915)
Profit for the financial year	3,952,339
	<u>1,641,424</u>
At 31 December 2014	

Notes to the financial statements

For the year ended 31 December 2014

23. Reconciliation of movement in shareholder's funds

	2014	2013
	£	£
Group		
Opening shareholder's funds	7,647,084	7,254,989
Profit for the financial year	7,328,600	392,095
Closing shareholder's funds	<u>14,975,684</u>	<u>7,647,084</u>
	2014	2013
	£	£
Company		
Opening shareholder's funds	3,189,085	4,596,352
Profit/(loss) for the financial year	3,952,339	(1,407,267)
Closing shareholder's funds	<u>7,141,424</u>	<u>3,189,085</u>

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own profit and loss account.

The profit for the year dealt with in the accounts of the company was £3,952,339 (2013 - loss £1,407,267).

24. Net cash flow from operating activities

	2014	2013
	£	£
Operating profit	3,715,501	1,705,884
Amortisation of intangible fixed assets	904,172	904,172
Depreciation of tangible fixed assets	613,457	578,184
Profit on disposal of tangible fixed assets	(11,158)	-
Decrease in stocks	197,064	6,504,936
Increase in debtors	(18,215,829)	(579,258)
Increase in creditors	2,055,722	1,085,850
Increase in provisions	45,960	45,967
Net cash (outflow)/inflow from operating activities	<u>(10,695,111)</u>	<u>10,245,735</u>

Notes to the financial statements

For the year ended 31 December 2014

25. Analysis of cash flows for headings netted in cash flow statement

	2014 £	2013 £
Returns on investments and servicing of finance		
Interest received	363,513	7,345
Interest paid	(1,000,914)	(790,282)
Finance lease interest	(23,846)	(34,801)
Net cash outflow from returns on investments and servicing of finance	(661,247)	(817,738)
	2014 £	2013 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(1,064,652)	(502,489)
Sale of tangible fixed assets	44,506	-
Net cash outflow from capital expenditure	(1,020,146)	(502,489)
	2014 £	2013 £
Acquisitions and disposals		
Proceeds from sale of subsidiary undertaking	15,000,000	-
Net cash held at bank on disposal	(1,260,423)	-
Net cash inflow from acquisitions and disposals	13,739,577	-
	2014 £	2013 £
Financing		
Repayment of bank borrowings	(3,366,972)	(4,554,007)
Capital element of finance lease repayments	(212,053)	(152,220)
Net cash outflow from financing	(3,579,025)	(4,706,227)

Notes to the financial statements

For the year ended 31 December 2014

26. Analysis of changes in net funds

	1 January 2014	Cash flow	Other non-cash changes	31 December 2014
	£	£	£	£
Cash at bank and in hand	7,949,920	(2,920,523)	-	5,029,397
Debt:				
Finance leases	(604,921)	212,053	-	(392,868)
Debts due within one year	(4,535,107)	3,366,972	-	(1,168,135)
Net funds	2,809,892	658,502	-	3,468,394

27. Contingent liabilities

There were no contingent liabilities as at 31 December 2014 or 31 December 2013.

28. Ultimate parent company and controlling related party

The immediate and ultimate parent company and controlling party of this company is Henley Management Company, a company registered in the USA.

The largest and smallest group of undertakings for which audited group accounts have been drawn up is that headed by Cobham Aluminium & Stainless Holdings Limited.

29. Related party transactions

The company has taken advantage of the exemption as provided by Financial Reporting Standard No. 8 'Related Party Disclosures' not to disclose transactions with fellow wholly owned group companies included within the group financial statements.

During the year, interest of £683,989 (2013 - £635,476) was payable to Henley Management Company in respect of borrowings during the year. A balance of £20,207,738 (2013 - £19,223,749) remained outstanding at the year end. In addition interest of £292,182 was payable to fellow subsidiaries of Henley Management Company in respect of loans fully repaid at the year end.

During the year, interest of £356,845 (2013 - £nil) was received from Henley Management Company. A balance of £17,356,923 (2013 - £nil) remains due to the company at the year end.

The group made sales of metal of £498,229 (2013 - £335,152), of which £69,760 (2013 - £55,254) was outstanding at the year end, and purchases of £1,390,738 (2013 - £797,988), of which £203,880 (2013 - £59,240) was outstanding at the year end, with fellow subsidiaries of Henley Management Company.

The group also disposed of its entire shareholding in Wilsons Limited in the year to a company connected to certain shareholders of Henley Management Company. Further details of the disposal are included in note 30.

Notes to the financial statements

For the year ended 31 December 2014

30. Disposals

On 29 December 2014 the group disposed of its entire shareholding in Wilsons Limited. The result attributable to the twelve months to the date of disposal has been disclosed separately on the face of the profit and loss account, as discontinued operations, in accordance with the requirements of FRS 3.

Disposals

Details of the assets and liabilities disposed are disclosed below

		£
Assets and liabilities sold		
Tangible fixed assets		877,673
Debtors		3,687,150
Stocks		6,190,500
Cash at bank		1,260,423
Other creditors and provisions		(2,266,000)
		<hr/>
Net assets sold		9,749,746
Attributable to goodwill written off		284,279
		<hr/>
		<hr/>
		10,034,025
		<hr/>
		<hr/>
Proceeds - cash	15,000,000	
	<hr/>	
		15,000,000
		<hr/>
		<hr/>
Profit on disposal		4,965,975
		<hr/>
		<hr/>
The summarised profit and loss account for Wilsons Limited for the period from 31 December 2014 to the date of disposal was as follows:		
Turnover		14,318,839
		<hr/>
Operating loss		(764,800)
		<hr/>
Loss before tax		(758,132)
Taxation		67,441
		<hr/>
Loss after tax		(690,691)
		<hr/>
		<hr/>

Notes to the financial statements

For the year ended 31 December 2014

Analysis of operating profit

	2014		2013	
	Continuing	Discontinued	Continuing	Discontinued
	£	£	£	£
Turnover	62,249,787	14,318,839	74,747,320	-
Change in stocks of finished goods	(5,448,030)	(939,534)	(6,504,925)	-
Raw materials and consumables	(35,483,251)	(9,826,663)	(47,050,753)	-
Other external charges	(5,631,785)	(2,449,696)	(7,390,405)	-
Staff costs	(9,983,108)	(1,584,587)	(10,612,997)	-
Depreciation and amortisation	(1,223,312)	(283,159)	(1,482,356)	-
Operating profit	<u>4,480,301</u>	<u>(764,800)</u>	<u>1,705,884</u>	<u>-</u>