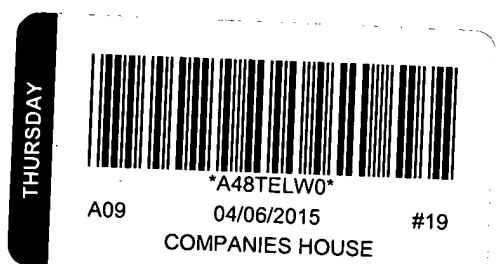


SLATER HARRISON & CO LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

Company Registration Number 00374230



SLATER HARRISON & CO LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2014

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SLATER HARRISON & CO LIMITED
OFFICERS AND PROFESSIONAL ADVISERS
YEAR ENDED 31 DECEMBER 2014

The board of directors	CS Dixon (<i>Chairman</i>) J Braddock M Braddock TG Hughes C Smallwood
Business address	Lowerhouse Mills Bollington Macclesfield SK10 5HW
Registered office	Lowerhouse Mills Bollington Macclesfield SK10 5HW
Auditor	Baker Tilly UK Audit LLP Chartered Accountants Bluebell House Brian Johnson Way Preston PR2 5PE

SLATER HARRISON & CO LIMITED

STRATEGIC REPORT

YEAR ENDED 31 DECEMBER 2014

Principal activities

The principal activity of the company during the year was the manufacture of laminated and coated paper products.

Business review

The directors are pleased to report an improved performance in 2014 despite difficult trading conditions in some key markets. As demand continued to weaken during the year, a restructuring exercise was completed in the year. The result is a production capacity consistent with forecast demand, with flexibility to absorb short-term fluctuations. Closer integration between the sales and production functions has improved customer service and internal communications. Our final salary pension scheme has been closed to future accrual during the year, leading to a one-off gain of £285,000 which is included in this year's profit & loss account. Our existing money purchase scheme and associated benefits have been expanded to cover all staff, including those joining under the auto-enrolment rules. These changes will create significant savings in future years as well as reducing risk in the business.

Our strategy remains unchanged: to exploit opportunities in niche markets utilising our unrivalled range of equipment and skills. Whilst poor demand in EU markets and intense competition from imported products in the education sector remain very real threats, the directors are confident that further progress will be made in 2015.

Financial risk management objectives and policies

The company's main commercial risk is reduced turnover due to competition. We are actively reducing our breakeven turnover level by improved product sourcing and lower overheads; this will enable us to prosper despite the structural weakness of the paper trade.

Operation risks include environmental, health & safety and IT risks. A comprehensive disaster recovery plan has been created to ensure that the business can survive any foreseeable risk, with appropriate insurance held to cover business interruption as well as asset losses.

The company is exposed to a moderate level of price risk, credit risk, liquidity risk and cash flow risk. The company manages these risks by financing its operations through retained profits, supplemented by an invoice discounting facility.

The management objectives are to retain sufficient liquid funds to enable it to meet its day to day requirements, minimise the company's exposure to fluctuating interest rates, and match the repayment schedule of any external borrowings or overdrafts with the future cash flows expected to arise from the company's trading activities.

SLATER HARRISON & CO LIMITED

STRATEGIC REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2014

Key performance indicators

Our KPI's are typical of a manufacturing company of our size, the main ones being:

- Turnover
- Gross profit
- Operating profit
- Employee numbers
- Absence rates

These indicators are monitored against budgets and prior year equivalents.

Signed on behalf of the directors



CS Dixon (Chairman)
Chairman

Approved by the directors on 12/5/15

SLATER HARRISON & CO LIMITED

DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2014

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

Results and dividends

The profit for the year, after taxation, amounted to £212,296. The directors have not recommended a dividend.

Directors

The directors who served the company during the year were as follows:

CS Dixon (Chairman)
J Braddock
M Braddock
TG Hughes
C Smallwood

The directors retiring by rotation are M Braddock and C Smallwood who, being eligible, offer themselves for re-election.

Directors' responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

In so far as the directors are, individually, aware:

- there is no relevant audit information of which the company's auditor is unaware; and
 - each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.
-

SLATER HARRISON & CO LIMITED

DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2014

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Strategic report

The information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 has been included in the separate Strategic Report in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

Auditor

Baker Tilly UK Audit LLP are deemed to be reappointed under Section 487(2) of the Companies Act 2006.

Registered office:
Lowerhouse Mills
Bollington
Macclesfield
SK10 5HW

Signed on behalf of the directors



CS Dixon (Chairman)
Chairman

Approved by the directors on 12/5/15

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SLATER HARRISON & CO LIMITED

We have audited the financial statements of Slater Harrison & Co Limited for the year ended 31 December 2014 on pages 8 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 4 to 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on other matters prescribed by the Companies Act 2006

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
SLATER HARRISON & CO LIMITED (CONTINUED)**

Matters on which we are required to report by exception

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

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

Anthony Steiner, Senior Statutory Auditor
For and on behalf of

Baker Tilly UK Audit LLP

Baker Tilly UK Audit LLP, Statutory Auditor
Chartered Accountants
Bluebell House
Brian Johnson Way
Preston
PR2 5PE

Date:

15 May 2015

SLATER HARRISON & CO LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2014

	Note	2014 £	2013 £
Turnover	2	7,462,677	7,616,096
Cost of sales		(5,987,252)	(6,270,341)
Gross profit		<u>1,475,425</u>	<u>1,345,755</u>
Distribution costs		(286,683)	(258,264)
Administrative expenses		(836,043)	(1,116,452)
Other operating income	3	10,803	10,803
Operating profit/(loss)	4	<u>363,502</u>	<u>(18,158)</u>
Attributable to:			
Operating profit/(loss) before exceptional items		78,502	(18,158)
Exceptional items	4	<u>285,000</u>	<u>-</u>
		363,502	(18,158)
Interest payable and similar charges	7	(38,305)	(42,003)
Other finance costs	8	(8,000)	(65,000)
Profit/(loss) on ordinary activities before taxation		<u>317,197</u>	<u>(125,161)</u>
Tax on profit/(loss) on ordinary activities	9	(104,901)	6,510
Profit/(loss) for the financial year		<u><u>212,296</u></u>	<u><u>(118,651)</u></u>

All of the activities of the company are classed as continuing.

The notes on pages 11 to 23 form part of these financial statements.

SLATER HARRISON & CO LIMITED
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
YEAR ENDED 31 DECEMBER 2014

	2014 £	2013 £
<i>Profit/(loss) for the financial year</i>		
Attributable to the shareholders	212,296	(118,651)
Actuarial loss in respect of defined benefit pension scheme	(832,000)	(246,000)
Deferred tax in respect of defined benefit pension scheme	<u>166,400</u>	<u>56,580</u>
Total gains and losses recognised since the last annual report	<u>(453,304)</u>	<u>(308,071)</u>

The notes on pages 11 to 23 form part of these financial statements.

SLATER HARRISON & CO LIMITED

Registered Number 00374230

BALANCE SHEET**31 DECEMBER 2014**

	Note	2014		2013	
		£	£	£	£
Fixed assets					
Tangible assets	10		745,904		820,675
Current assets					
Stocks	11	1,570,820		1,628,321	
Debtors	12	2,279,615		2,151,090	
Cash at bank		46,791		38,309	
			<u>3,897,226</u>		<u>3,817,720</u>
Creditors: Amounts falling due within one year	13	<u>(1,518,550)</u>		<u>(1,396,472)</u>	
Net current assets			2,378,676		2,421,248
Total assets less current liabilities			<u>3,124,580</u>		<u>3,241,923</u>
Creditors: Amounts falling due after more than one year	14		–		(26,540)
Provisions for liabilities					
Deferred taxation	16		<u>(116,494)</u>		<u>(109,153)</u>
Net assets excluding pension liability			3,008,086		3,106,230
Defined benefit pension scheme liability	18		<u>(764,800)</u>		<u>(409,640)</u>
Net assets including pension liability			<u>2,243,286</u>		<u>2,696,590</u>
Capital and reserves					
Called-up share capital	22		157,500		157,500
Other reserves	23		10,000		10,000
Profit and loss account	24		2,075,786		2,529,090
Shareholders' funds	25		<u>2,243,286</u>		<u>2,696,590</u>

These accounts were approved by the directors and authorised for issue on 12/5/15 and are signed on their behalf by:



CS Dixon (Chairman)
Director

The notes on pages 11 to 23 form part of these financial statements.

SLATER HARRISON & CO LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2014

1. Accounting policies

Basis of accounting

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

The directors have concluded that it is appropriate to prepare the accounts on a going concern basis as the company had adequate cash resources and financial projections indicate that the company will continue to trade within its existing bank facilities.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of laminated and coated paper products to customers during the year. Turnover is recognised at the point of transfer, of the rights and benefits of ownership, of goods to the customer, typically being on delivery. Turnover is stated less returns.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Cost represents purchase price together with any incidental costs of acquisition.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows:

Plant & Machinery	- 10% reducing balance basis
Fixtures & Fittings	- 20% reducing balance basis & 25% straight line basis
Motor Vehicles	- 25% reducing balance basis

Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used.

Work in progress

For work in progress and finished goods cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

Leasing and hire purchase commitments

Assets held under hire purchase and finance lease agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

SLATER HARRISON & CO LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2014

1. Accounting policies (continued)

Pension costs and other post-retirement benefits

The Company operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Company. Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses.

The company also operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

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 tax, or a right to pay less tax, or a right to receive repayments of tax.

Deferred tax assets are recognised only to the extent that the directors consider it 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 assets and liabilities recognised have been discounted.

Deferred tax is measured on a discounted basis at the average 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.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

SLATER HARRISON & CO LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2014

2. Turnover

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	2014	2013
	£	£
United Kingdom	5,716,000	5,661,454
Europe	1,470,995	1,716,988
Asia	223,965	121,711
Other	51,717	115,943
	<u>7,462,677</u>	<u>7,616,096</u>

3. Other operating income

	2014	2013
	£	£
Other operating income	<u>10,803</u>	<u>10,803</u>

4. Operating profit/(loss)

Operating profit/(loss) is stated after charging/(crediting):

	2014	2013
	£	£
Depreciation of owned fixed assets	118,302	110,394
Depreciation of assets held under hire purchase agreements	9,907	17,612
Profit on disposal of fixed assets	(4,038)	-
Auditors remuneration	9,900	12,300
Net loss on foreign currency translation	9,627	191
Operating lease charges	56,277	52,390
Exceptional curtailment gains	<u>(285,000)</u>	<u>-</u>

Included within administrative expenses is £285,000 (2013:£Nil) relating to curtailment gains recognised.

SLATER HARRISON & CO LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2014

5. Particulars of employees

The average number of staff employed by the company during the financial year amounted to:

	2014	2013
	No	No
Production staff	56	58
Sales and administration staff	15	20
	<u>71</u>	<u>78</u>

The aggregate payroll costs of the above were:

	2014	2013
	£	£
Wages and salaries	1,823,191	1,804,646
Social security costs	202,804	187,991
Other pension costs	368,977	387,102
Exceptional curtailment gains	<u>(285,000)</u>	<u>-</u>
	<u>2,109,972</u>	<u>2,379,739</u>

Other pension costs are amounts charged to operating profit and do not include amounts credited to finance income and charged to finance costs (see note 8), and amounts recognised in the statement of recognised gains and losses.

6. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services were:

	2014	2013
	£	£
Remuneration receivable	226,404	243,387
Value of company pension contributions to money purchase schemes	<u>56,420</u>	<u>-</u>
	<u>282,824</u>	<u>243,387</u>

Remuneration of highest paid director:

	2014	2013
	£	£
Total remuneration (excluding pension contributions)	105,860	98,602
Value of company pension contributions to money purchase schemes	<u>12,990</u>	<u>-</u>
	<u>118,850</u>	<u>98,602</u>

The number of directors accruing benefits under company pension schemes was as follows:

	2014	2013
	No	No
Money purchase schemes	3	-
Defined benefit schemes	<u>-</u>	<u>3</u>

SLATER HARRISON & CO LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2014

7. Interest payable and similar charges

	2014 £	2013 £
Interest payable on bank borrowing	33,695	37,599
Finance charges	4,610	4,404
	<u>38,305</u>	<u>42,003</u>

8. Other finance costs

	2014 £	2013 £
Interest on pension scheme liabilities	(8,000)	(65,000)

9. Taxation on ordinary activities

(a) Analysis of charge in the year

	2014 £	2013 £
Deferred tax:		
Origination and reversal of timing differences	104,901	(6,510)

Included within the deferred tax charge is an amount of £97,560 in relation to the FRS 17 defined benefit pension.

(b) Factors affecting current tax charge

The tax assessed on the profit/(loss) on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 20% (2013 - 20%).

	2014 £	2013 £
Profit/(loss) on ordinary activities before taxation	317,197	(125,161)
Profit/(loss) on ordinary activities by rate of tax	63,439	(25,032)
Effects of:		
Expenses not deductible for tax purposes	7,882	1,254
Capital allowances for period in excess of depreciation	11,628	6,510
Timing differences relating to pensions adjustment	(81,600)	(10,000)
Tax losses carried forward	-	3,964
Group relief	(1,349)	23,304
Total current tax (note 9(a))	<u>-</u>	<u>-</u>

(c) Factors that may affect future tax charges

There are carried forward capital losses of £17,377 (2013: £17,377).

SLATER HARRISON & CO LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2014

10. Tangible fixed assets

	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Total £
Cost				
At 1 January 2014	3,895,731	416,813	56,823	4,369,367
Additions	–	8,752	47,648	56,400
Disposals	–	–	(22,192)	(22,192)
At 31 December 2014	<u>3,895,731</u>	<u>425,565</u>	<u>82,279</u>	<u>4,403,575</u>
Depreciation				
At 1 January 2014	3,202,372	301,919	44,401	3,548,692
Charge for the year	69,336	44,596	14,277	128,209
On disposals	–	–	(19,230)	(19,230)
At 31 December 2014	<u>3,271,708</u>	<u>346,515</u>	<u>39,448</u>	<u>3,657,671</u>
Net book value				
At 31 December 2014	<u>624,023</u>	<u>79,050</u>	<u>42,831</u>	<u>745,904</u>
At 31 December 2013	<u>693,359</u>	<u>114,894</u>	<u>12,422</u>	<u>820,675</u>

Hire purchase agreements

Included within the net book value of £745,904 is £96,657 (2013 - £106,564) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £9,907 (2013 - £17,612).

11. Stocks

	2014 £	2013 £
Raw materials	775,423	827,800
Work in progress	221,016	211,772
Finished goods	574,381	588,749
	<u>1,570,820</u>	<u>1,628,321</u>

There is no material difference between the replacement cost of stocks and their balance sheet amounts.

12. Debtors

	2014 £	2013 £
Trade debtors	1,085,521	972,823
Amounts owed by group undertakings	1,069,766	1,056,688
Other debtors	3,001	1,150
Prepayments and accrued income	121,327	120,429
	<u>2,279,615</u>	<u>2,151,090</u>

SLATER HARRISON & CO LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2014

13. Creditors: Amounts falling due within one year

	2014 £	2013 £
Bank loans & overdrafts	465,289	427,104
Trade creditors	576,546	597,679
Amounts owed to group undertakings	22,351	-
VAT	196,182	159,536
Hire purchase agreements	21,390	29,268
Accruals and deferred income	236,792	182,885
	<u>1,518,550</u>	<u>1,396,472</u>

Included within bank loans & overdrafts is an invoice financing facility of £465,289 (2013: £427,104), security is provided over the trade debtors of the company. The overdraft is secured by a debenture over the assets of the company, excluding the trade debtors. Hire purchase agreements are secured against the assets to which they relate.

14. Creditors: Amounts falling due after more than one year

	2014 £	2013 £
Hire purchase agreements	-	<u>26,540</u>

15. Commitments under hire purchase agreements

Future commitments under hire purchase agreements are as follows:

	2014 £	2013 £
Amounts payable within 1 year	21,390	29,268
Amounts payable between 2 to 5 years	-	26,540
	<u>21,390</u>	<u>55,808</u>
Hire purchase agreements are analysed as follows:		
Current obligations	21,390	29,268
Non-current obligations	-	26,540
	<u>21,390</u>	<u>55,808</u>

16. Deferred taxation

The movement in the deferred taxation provision during the year was:

	2014 £	2013 £
At 1 January 2014	109,153	115,663
Profit and loss account movement arising during the year	7,341	(6,510)
At 31 December 2014	<u>116,494</u>	<u>109,153</u>

SLATER HARRISON & CO LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2014

16. Deferred taxation (continued)

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2014 £	2013 £
Excess of taxation allowances over depreciation on fixed assets	116,494	109,153
	<u>116,494</u>	<u>109,153</u>

The deferred tax asset on capital losses carried forward has not been provided due to the uncertainty over the timing of its reversal.

17. Derivatives

There are no financial instruments falling to be classed as derivatives.

18. Pensions and other post retirement benefits

The company operates a pension scheme providing benefits based on final pensionable pay. The latest full actuarial valuation was carried out at 31 December 2011 and was updated for FRS17 purposes to 31 December 2014 by a qualified independent actuary. The information disclosed below is in respect of the whole of the plans for which the Company is either the sponsoring employer or has been allocated a share of cost under an agreed group policy throughout the periods shown.

The amounts recognised in the profit and loss account are as follows:

	2014 £	2013 £
Amounts (credited)/charged to operating profit/(loss):		
Current service cost	137,000	185,000
Gains on curtailments	(285,000)	-
Total operating (credit)/charge	<u>(148,000)</u>	<u>185,000</u>
Amounts included in other finance cost:		
Expected return on scheme assets	(409,000)	(321,000)
Interest on scheme liabilities	417,000	386,000
Other finance cost	<u>8,000</u>	<u>65,000</u>
Total (credit)/charge to the profit and loss account	<u>(140,000)</u>	<u>250,000</u>
Actual return on scheme assets	<u>841,000</u>	<u>203,000</u>

The total operating (credit)/charge is recognised in the following line items in the profit and loss account:

	2014 £	2013 £
Administrative expenses	(148,000)	185,000
Total operating (credit)/charge	<u>(148,000)</u>	<u>185,000</u>

SLATER HARRISON & CO LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2014

18. Pensions and other post retirement benefits (continued)

Other finance cost is included in the profit and loss account within interest payable and similar charges.

Actuarial losses of £(832,000) (2013: £(246,000)) have been recognised in the statement of total recognised gains and losses.

The amount of contributions made in the year were £268,000 (2013: £300,000).

The actual return on scheme assets in the year was a gain of £841,000 (2013: £203,000).

The amounts recognised in the balance sheet are as follows:

	2014	2013
	£	£
Present value of funded obligations	(10,504,000)	(9,359,000)
Fair value of scheme assets	<u>9,548,000</u>	<u>8,827,000</u>
	(956,000)	(532,000)
Related deferred tax asset	<u>191,200</u>	<u>122,360</u>
Net pension liability	<u>(764,800)</u>	<u>(409,640)</u>

Changes in the present value of the defined benefit obligation scheme are as follows:

	2014	2013
	£	£
Opening defined benefit obligation	9,359,000	9,083,000
Current service cost	137,000	185,000
Gains on curtailments	(285,000)	-
Interest on scheme liabilities	417,000	386,000
Actuarial loss	1,264,000	128,000
Contributions by scheme participants	21,000	25,000
Benefits paid	<u>(409,000)</u>	<u>(448,000)</u>
Closing defined benefit obligation	<u>10,504,000</u>	<u>9,359,000</u>

Changes in the fair value of scheme assets are as follows:

	2014	2013
	£	£
Opening fair value of scheme assets	8,827,000	8,747,000
Expected return on scheme assets	409,000	321,000
Contributions by employer	268,000	300,000
Contributions by scheme participants	21,000	25,000
Actuarial gain/(loss)	432,000	(118,000)
Benefits paid	<u>(409,000)</u>	<u>(448,000)</u>
Closing fair value of scheme assets	<u>9,548,000</u>	<u>8,827,000</u>

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18. Pensions and other post retirement benefits (continued)

The fair value of the major categories of scheme assets are as follows:

	2014	2013
	£	£
Equities	4,489,000	4,012,000
Gilts	4,015,000	3,477,000
Corporate bonds	243,000	804,000
Cash	801,000	534,000
Fair value of scheme assets	<u>9,548,000</u>	<u>8,827,000</u>

The overall expected return assumption is calculated as the weighted average of the individual expected return assumptions for each of the major asset classes. The individual return assumptions are based on investment market conditions in the UK, specifically with regard to yields on UK Government gilts, high quality AA rated corporate bonds, and interest rates set by the Bank of England. Equity returns in well established global markets are generally expected to outperform the return on gilts by 3% pa or more in the long term, and such anticipated outperformance has been taken into account in deriving the expected return from equity type investments.

The weightings used for the overall expected return are in line with the proportions invested in each of the major asset classes, and a deduction to allow for investment expenses has been made.

The principal actuarial assumptions as at the balance sheet date were:

	2014	2013
	%	%
Discount rate	3.50	4.50
Expected return on scheme assets	3.50	4.70
Rate of increase in salaries	-	3.90
Rate of increase in pensions in payment	2.85	3.20
Inflation	2.95	3.40

Amounts for the current and previous four periods are as follows:

	2014	2013	2012	2011	2010
	£	£	£	£	£
Defined benefit obligation	(10,504,000)	(9,359,000)	(9,083,000)	(8,920,000)	(8,014,000)
Fair value of scheme assets	<u>9,548,000</u>	<u>8,827,000</u>	<u>8,747,000</u>	<u>8,949,000</u>	<u>8,266,000</u>
(Deficit)/surplus in the scheme	<u>(956,000)</u>	<u>(532,000)</u>	<u>(336,000)</u>	<u>29,000</u>	<u>252,000</u>
Experience adjustments on scheme liabilities (£)	<u>(52,000)</u>	<u>53,000</u>	<u>38,000</u>	<u>(1,000)</u>	<u>(107,000)</u>
Experience adjustments on scheme assets (£)	<u>432,000</u>	<u>(118,000)</u>	<u>(34,000)</u>	<u>230,000</u>	<u>304,000</u>

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18. Pensions and other post retirement benefits (continued)

The assumptions used by the actuary are chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

In valuing the liabilities of the pension fund at 31 December 2014, mortality assumptions have been made as indicated in the main disclosure note referred to above.

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in mortality. The assumptions are equivalent to expecting a 65 year old to live for a number of years as follows:

- current pensioner age 65: 22 years (male), 25 years (female) - future retiree (currently age 40) upon reaching 65: 24 years (male), 27 years (female)

The Company expects to contribute approximately £100,000 to its defined benefit plans in the next financial year.

The company also operates a defined contribution pension scheme for the benefit of the directors and certain employees. The pension cost charge for the period represents contributions payable to the scheme amounted to £145,177 (2013: £95,290). The amount outstanding at the year end was £13,402 (2013: £5,695).

19. Commitments under operating leases

At 31 December 2014 the company had annual commitments under non-cancellable operating leases as set out below.

	Other 2014 £	<i>Other 2013 £</i>
Operating leases which expire:		
Within 1 year	-	19,264
Within 2 to 5 years	46,666	25,798
After more than 5 years	-	5,356
	<u>46,666</u>	<u>50,418</u>

20. Contingencies

The company has executed a guarantee in the sum of £40,000 (2013: £40,000) in respect of deferred duty payments.

The company has entered into an unlimited cross-guarantee structure in favour of National Westminster Bank PLC in respect of overdraft and loan facilities granted to other fellow subsidiary undertakings and LS Dixon Group Limited. The cross-guarantee structure is supported by mortgage debentures in favour of National Westminster Bank PLC over the assets and undertaking of the company and group. Total group borrowings at 31 December 2014 amounted to £579,099 (2013: £445,943).

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21. Related party transactions

The company has taken advantage of the exemption under paragraph 3 of Financial Reporting Standard 8, "Related Party Disclosures", not to disclose transactions during the year with other group undertakings on the grounds that it is a wholly owned subsidiary were the ultimate parent company prepares group accounts.

Slater Harrison & Co. Limited is related to Webmaster Limited, Hurcott Developments Limited and Hurcott Paper Mills Limited as they are fellow subsidiaries of LS Dixon Group Limited.

At the 31 December 2014, the company was owed £1,069,766 (2013: £1,056,688) from group undertakings and owed £22,351 (2013: £Nil) to group undertakings.

22. Share capital

Allotted, called up and fully paid:

	2014		2013	
	No	£	No	£
Ordinary shares of £1 each	<u>157,500</u>	<u>157,500</u>	<u>157,500</u>	<u>157,500</u>

23. Other reserves

	2014	2013
	£	£
Capital redemption reserve	<u>10,000</u>	<u>10,000</u>

24. Profit and loss account

	2014	2013
	£	£
Balance brought forward	2,529,090	2,847,161
Profit/(loss) for the financial year	212,296	(118,651)
Defined pension benefit scheme	(665,600)	(189,420)
Purchase of own shares	-	(10,000)
Balance carried forward	<u>2,075,786</u>	<u>2,529,090</u>

25. Reconciliation of movements in shareholders' funds

	2014	2013
	£	£
Profit/(loss) for the financial year	212,296	(118,651)
Actuarial gain/(loss) in respect of defined benefit pension scheme	(665,600)	(189,420)
Net reduction to shareholders' funds	(453,304)	(308,071)
Opening shareholders' funds	<u>2,696,590</u>	<u>3,004,661</u>
Closing shareholders' funds	<u>2,243,286</u>	<u>2,696,590</u>

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YEAR ENDED 31 DECEMBER 2014

26. Ultimate parent company

The directors consider the immediate and ultimate holding company to be LS Dixon Group Limited, a company incorporated in England and Wales. LS Dixon Group Limited is the only undertaking preparing group accounts to include the financial statements of the company. The consolidated financial statements of LS Dixon Group Limited can be obtained from the registered office.

27. Control

The company is a subsidiary of LS Dixon Group Limited and was controlled by it. LS Dixon Group Limited is ultimately controlled by its directors.