


JAMES CROPPER <sup>PLC</sup>

ESTABLISHED 1845

170

1845 - 2015

ANNUAL REPORT AND ACCOUNTS 2015



We create some of the world's most distinctive and technically advanced paper products, using materials from cotton and wood to carbon fibre.

We support industries from packaging to digital imaging and aerospace with products that are at the cutting edge of performance.

Purchase of Paper Mills  
Summary

	£	s.	d.
Machinery & Implements -	7783.	6.	0
Burnside Paper & Ross -	2468.	5.	4
Cowan Head " ———	1033.	7.	4
Three Horses ———	56.	0.	0
Other Papers ———	24.	16.	6
	<u>11365.</u>	<u>15.</u>	<u>2</u>
Deduct 5% on Paper -	131.	15.	2
	<u>11234.</u>	<u>0.</u>	<u>0</u>

Good Mill -	1800.	0.	0
Buildings —	900.	0.	0
House & Cottages -	150.	0.	0
	<u>2850.</u>	<u>0.</u>	<u>0</u>
Boards & Cottages ———	2800.	0.	0
	<u>£ 16884.</u>	<u>0.</u>	<u>0</u>
2 Chimney Pieces & Etc —	16.	0.	0
	<u>16900.</u>	<u>0.</u>	<u>0</u>

July 21, 1845



# JAMES CROPPER PLC

ESTABLISHED 1845

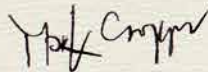
2015 marks the 170th anniversary of James Cropper PLC. The company was founded on 5 July 1845 when James Cropper, the 22 year old son of a wealthy Liverpool merchant and railway financier, purchased Burnside and Cowan Head paper-mills for the princely sum of £16,900.

Since that date, James Cropper PLC has overcome innumerable challenges, from depressions and wars to savage competition, disastrous fires and dramatic shifts in the use and demand for its products.

In many ways, however, we still feel young. In recent years we have sought to refresh and rejuvenate much of what we do, allowing us to enter our 18th decade with a true spring in our step. 2015 is a particularly exciting year in this regard. An additional production line in TFP will allow us to grow this business significantly. Meanwhile the PLC and the Paper business have been given a new and refreshed identity, as evident here, designed to better reflect the numerous steps being taken to enhance the quality and prestige of our products and our profile in global markets.

Yet whatever the pace of change, we will never lose sight of where we have come from. We believe that the prime reason we have stayed in business for so long is our determination to blend the best corporate practices with the very strong values we have built up over six generations.

Above all, it is our values that define who we are, and for this reason we have chosen to explain them and celebrate them ahead of anything else in this report.



Mark Cropper  
Chairman

BURNESIDE MILLS, KENDAL, CUMBRIA, LA9 6PZ, GREAT BRITAIN  
TEL: +44 (0) 1539 722 002 | EMAIL: [INFO@CROPPER.COM](mailto:INFO@CROPPER.COM) | WEB: [CROPPER.COM](http://CROPPER.COM)

JAMES CROPPER PLC, REGISTERED IN ENGLAND NO. 0030226. REGISTERED OFFICE AS ABOVE.





© Steven Barber Photography - Invest in South Lakeland

# CONTENTS

<b>11</b>	<b>STRATEGIC REPORT</b>
<b>12</b>	<b>FINANCIAL HIGHLIGHTS</b>
<b>13</b>	<b>FINANCIAL SUMMARY</b>
<b>14</b>	<b>CHAIRMAN'S LETTER</b>
<b>18</b>	<b>CHIEF EXECUTIVE'S REVIEW</b>
<b>24</b>	<b>FINANCIAL REVIEW</b>
<b>41</b>	<b>GOVERNANCE</b>
<b>42</b>	<b>BOARD OF DIRECTORS</b>
<b>44</b>	<b>REPORT OF THE DIRECTORS</b>
<b>52</b>	<b>DIRECTORS REMUNERATION REPORT</b>
<b>57</b>	<b>FINANCIAL STATEMENTS</b>
<b>58</b>	<b>INDEPENDENT AUDITOR'S REPORT</b>
<b>59</b>	<b>STATEMENT OF COMPREHENSIVE INCOME</b>
<b>60</b>	<b>STATEMENT OF FINANCIAL POSITION</b>
<b>61</b>	<b>STATEMENT OF CASH FLOWS</b>
<b>62</b>	<b>STATEMENT OF CHANGES IN EQUITY</b>
<b>64</b>	<b>NOTES TO THE FINANCIAL STATEMENTS</b>
<b>88</b>	<b>SHAREHOLDER INFORMATION</b>

# WHAT WE VALUE

In 2014 the board of James Cropper plc reviewed and redrafted the company's vision and values. We attach great importance to both, not least as they provide the basis for much more, from our new branding and evolving business plans to the leadership attributes and culture we wish to protect and promote.

Accordingly we dedicated a significant amount of time to the process of revision. The resulting vision is shown on the first page of this report. The values are shown opposite. We have chosen to expand on and explain nearly all of these and provide objective measures of our performance where possible. Profitable growth – which was included as we felt it was something we needed to value even if an output – is only omitted as it is covered in the bulk of this report.

## **PRIDE AWARDS 2015**

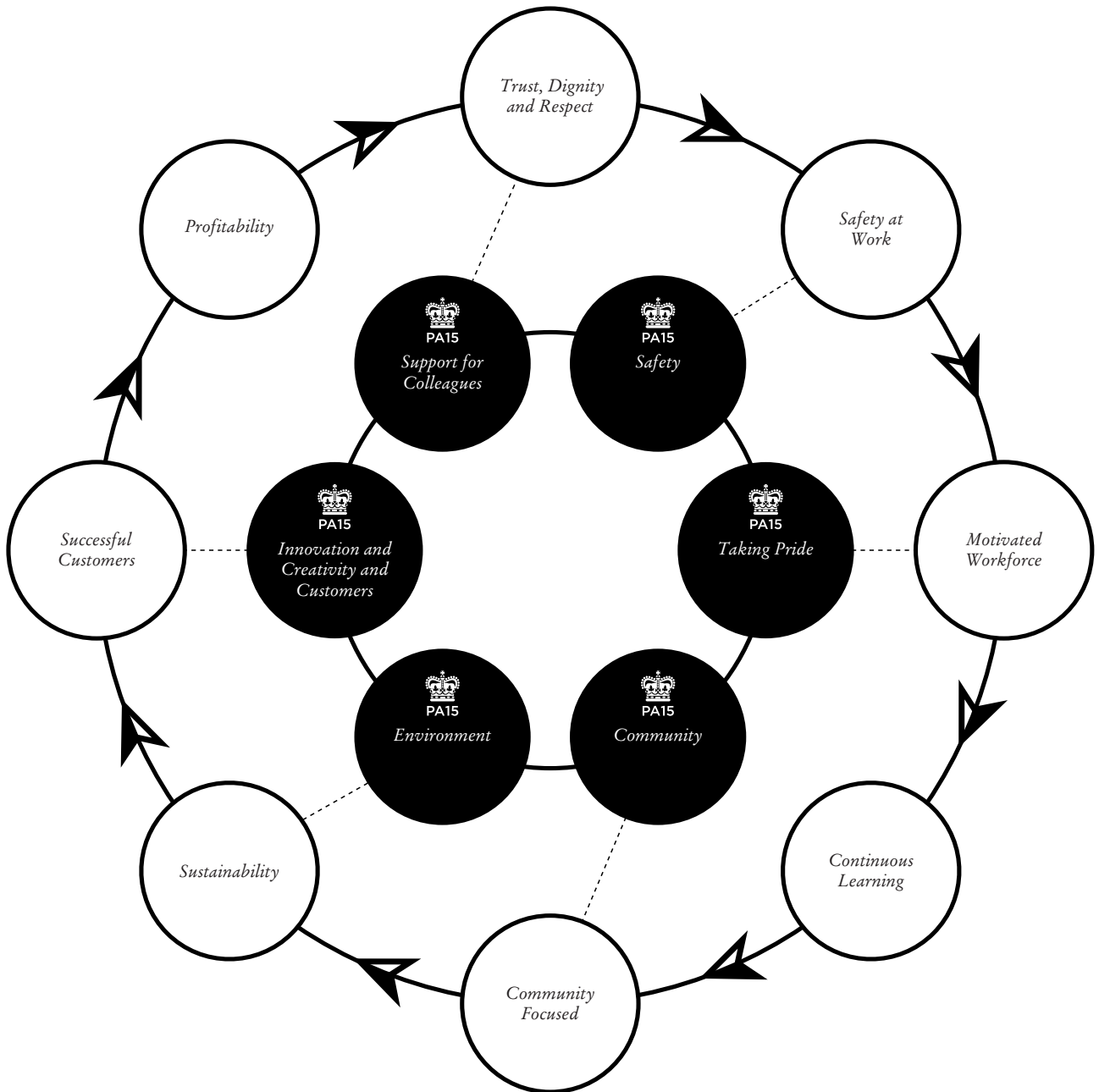


This is the sixth year of the James Cropper Pride Awards. These continue to be a key way in which we celebrate outstanding achievement and effort as well as reconfirming our commitment to our values. The six categories are closely tied to our values, as shown opposite.

Employees are nominated by their colleagues and the winners selected by a panel comprising of employees across the group.

More details on each category and the winners are shown within the pages expanding on our values.





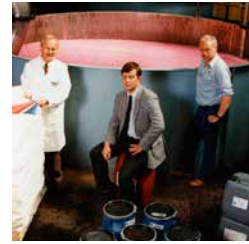


# OUR VALUES AND PRIDE AWARDS



Pictured below with Sir James Cropper on the left is Richard Graham who joined in April 2015 and is, at the time of this report, our most recent recruit, and on the right is Peter Malin who joined in August 1966 and is approaching 49 years of service with the company.

Also featured are a selection of photographs from the James Cropper archives capturing images through the generations.



### TRUST, DIGNITY AND RESPECT

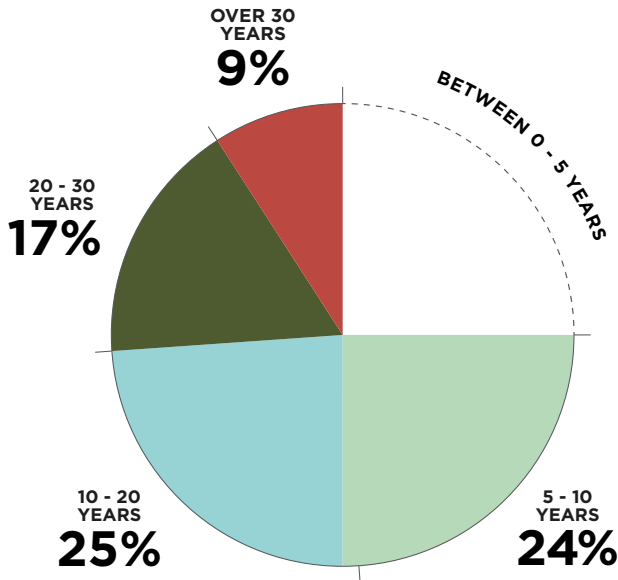
At James Cropper, behaving and interacting with others with integrity is at the heart of what we do. As long as a century ago we were known nationally as the ‘gentlemen of the paper trade’, though one origin of this value is perhaps even older – our founder James Cropper was a Quaker by birth, and the core tenet of the Quaker faith was adherence to truth in all matters.

This is not an easy value to measure, although we believe the longevity of our relationships with employees, customers,

suppliers and many others is testimony to this – we usually count in decades. Pictured right below is Peter Robinson (No. 4 Machineman) who joined the Company in 1970 and is the sixth generation of his family to be employed by James Cropper.

This value underpins all the others and much else besides. It is about valuing every individual we come across in our working lives.

### 75% OF OUR EMPLOYEES HAVE BEEN WITH THE COMPANY FOR 5 YEARS OR MORE



**PRIDE: SUPPORT FOR COLLEAGUES**  
**PRIDE AWARD WINNER:**  
**MARK PALMER**

(Process & Project Co-ordinator)



Mark is always happy to help the machine crews with problems and his knowledge of the steam and wet end systems across production is invaluable. Although he spends most of his time dealing with issues in the reclaimed fibre plant, Mark is always there to give a helping hand.





© Steven Barber Photography - Invest in South Lakeland



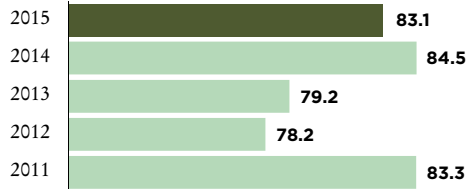
# STRATEGIC REPORT

12	FINANCIAL HIGHLIGHTS
13	FINANCIAL SUMMARY
14	CHAIRMAN'S LETTER
18	CHIEF EXECUTIVE'S REVIEW
24	FINANCIAL REVIEW

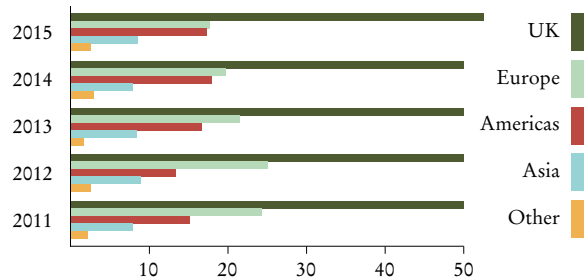
# FINANCIAL HIGHLIGHTS

## TOTAL REVENUE

**£83.1m**



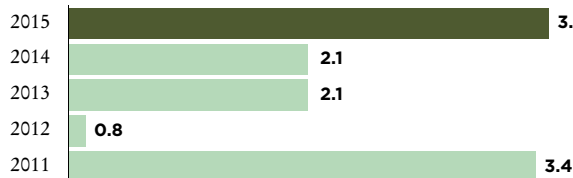
## GEOGRAPHICAL % SEGMENTATION OF REVENUE



## PROFIT BEFORE TAX

(excluding IAS 19 Pension adjustments)

**£3.5m**

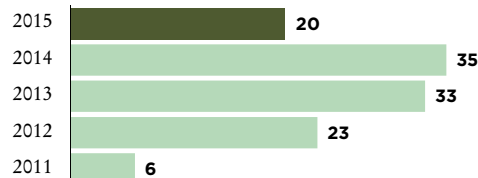


(2011 included exceptional pension curtailment adjustment)

## GEARING

(excluding IAS 19 Pension adjustments)

**20%**



## PROFIT BEFORE TAX

**£2.6m**



(2011 included exceptional pension curtailment adjustment)

## DILUTED EPS

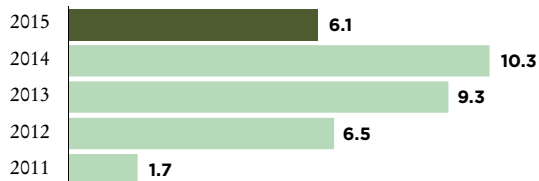
**20.1p**



(2011 included exceptional pension curtailment adjustment)

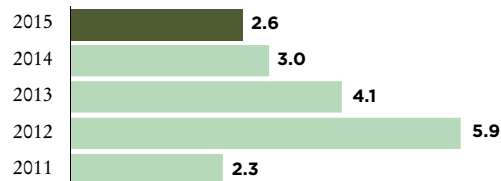
## NET DEBT

**£6.1m**



## CAPITAL EXPENDITURE

**£2.6m**



2011 in all graphs have been re-presented to exclude the discontinued Paper Mill Shop operation.

# FINANCIAL SUMMARY

## SUMMARY OF RESULTS

	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 (i) £'000
Revenue	83,052	84,518	79,241	78,223	83,264
Operating profit before interest (excluding IAS 19 impact)	3,899	2,545	2,535	1,207	3,361
Profit before tax (excluding IAS 19 impact)	3,494	2,088	2,052	843	3,390
Impact of IAS 19	(919)	(775)	(806)	128	9,392
Profit before tax (after IAS 19 impact)	2,575	1,313	1,246	971	12,812
Earnings per share - diluted	20.1p	15.0p	10.0p	9.5p	117.4p

2011 (i) has been re-presented to exclude the discontinued Paper Mill Shop operation.

## BALANCE SHEET SUMMARY

	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Non-pension assets- excluding cash	50,810	51,093	48,426	46,278	44,000
Non-pension liabilities - excluding borrowings	(14,289)	(11,230)	(10,831)	(11,956)	(13,481)
	36,521	39,863	37,595	34,322	30,159
Net IAS 19 pension deficit (after deferred tax)	(11,554)	(9,312)	(7,972)	(5,850)	(1,039)
	24,967	30,551	29,623	28,472	29,120
Net borrowings	(6,105)	(10,277)	(9,286)	(6,505)	(1,711)
Equity shareholders' funds	18,862	20,274	20,337	21,967	27,407
Gearing % - before IAS 19 deficit	20%	35%	33%	23%	6%
Gearing % - after IAS 19 deficit	32%	51%	46%	30%	6%
Capital expenditure £'000	2,619	2,958	4,072	5,934	2,276



# CHAIRMAN'S LETTER



**MARK CROPPER**  
Chairman, James Cropper plc.

Dear Shareholders

I am pleased to report that James Cropper plc made considerable progress in 2014/15.

The strengthening of the business is evident in the many improvements that are being implemented across the Group and borne out in our improved profitability.

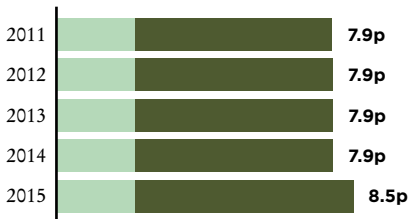
During the year, the operations of James Cropper Speciality Papers and James Cropper Converting were brought together and re-branded as James Cropper Paper under a management team drawn from both businesses. This decision was well received by our customers and ensures we are able to offer them our full range of products, as well as access to excellence in supply chain management, service, quality, innovation, sustainability and brand development.

The operations of Technical Fibre Products ("TFP") have been improved in the year by manufacturing developments which have reduced costs and increased capacity, all of which helped TFP to meet increased demand and more than double profitability year on year. Investment in additional manufacturing equipment will double our capacity for TFP in the UK and this is progressing according to plan with early commissioning expected to commence mid July of this year. This additional capacity will support our ambitious growth plans.

On the human resources side, we continue to strengthen the teams in both our businesses through selective recruitment, development and training. Our commitment to investing in our people is encapsulated in our value "Continuous Learning", which is covered elsewhere in this report, and in our focus on succession planning which forms another key part of our HR strategy.

The Group's five strategic growth platforms, set out in detail in the CEO review (from page 18), are now firmly established across the company and are supporting its transition

## DIVIDEND PER SHARE 2015





to a culture which focuses on sustained growth. It has been this determination to improve margins, build operational efficiencies and sustain growth whilst maintaining a focus on our strategic platforms that has served us well and enabled us to deliver the improvement in profitability reported herein. Together with the steps taken to preserve and promote our values we are hopeful that we are building strong foundations for future success.

John Denman retired from the Board at the AGM on 30 July 2014. John served James Cropper plc for 19 years having joined the Group in 1995 and I would like to thank him for his tremendous contribution to the company over many years. I am also very pleased to congratulate Isabelle Maddock on her appointment to the Board on 31 July 2014 as Group Finance Director. Isabelle joined James Cropper plc in 2006 as Group Financial Controller and served as Head of Finance from September 2013.

Diluted Earnings per Share (after the adjustment for IAS 19) increased by 34% to 20.1 pence compared to 15.0 pence in the previous year.

The Board is recommending a final dividend of 6.3 pence per share making a total dividend for the financial year of 8.5 pence, an increase of 7.6% on the prior year.

## OUTLOOK

James Cropper Paper continues to operate in niche markets and we are honing our competitive edge,

remaining focused on distinctive and technically advanced paper products, offering customers the expertise that comes from 170 years of papermaking and a continuous programme of investment in people, products and knowledge.

Technical Fibre Products operates in high growth markets which offer many exciting opportunities including green technologies, aerospace, and defence.

The Technology and Innovation division, which was set up in January 2014, has identified a diversification opportunity. A new business for James Cropper, manufacturing moulded products, which will build on our current strengths and knowledge, has been established. Investment in developing this business is underway.

I am delighted with the progress we have made in the past financial year. This was achieved as a result of the continued hard work and commitment of all my colleagues whom I wish to thank on behalf of the company and all its stakeholders.

For many years I have communicated my belief that this company has great potential. Now I see that this can and will be delivered in the coming years.

Mark Cropper  
Chairman

# OUR VALUES AND PRIDE AWARDS

## SUCCESSFUL CUSTOMERS

Creating materials that make our customers successful has been a core driver for James Cropper plc for many decades. Tailoring products to meet exacting and often unique specifications is something we do every day but enabled by decades of investment in flexible equipment and wide-ranging materials know-how. Our capabilities are accordingly incredibly broad.

James Cropper Paper has a formidable reputation for supplying bespoke solutions to customers using its diverse range of capabilities that allows laminating, embossing, coating, watermarking and the creation of dazzling and stunning colours. This flexibility, on one site, has made us a key partner for numerous leading players in branded goods, wine and spirits, framing, bookbinding, digital reproduction and electronic packaging.

A recent example is the selection of our Obsidian black paper for the packaging of the Smartisan smartphone in China. James Cropper's reputation for quality and sustainability were cited as reflecting a key part of the brand story experience and we were featured as a key supplier at the launch event held in

the China National Conference Centre in Beijing; over 5,000 attended with nearly 3 million watching online.

TFP materials play an even more profound role in making customers' successful, very often providing essential technical solutions in the industries served by the business.

Not least TFP solutions are playing a key role in the aerospace industry as it develops lighter and more efficient aircraft based on composite carbon fibre materials. TFP helps aircraft manufacturers and their suppliers to succeed and prosper by using our products to bond composites, to improve surface finish and to shield key electrical components. TFP products have also been used recently as part of a lower cost manufacturing system for primary aircraft structures, which has helped one of our customers win a significant new contract for a commercial passenger jet.

TFP is also taking a lead in recycling carbon fibre waste produced by aircraft manufacturers, further reducing the impact of this industry and providing customers with the means to demonstrate environmental responsibility.



### PRIDE: INNOVATION & CREATIVITY PRIDE AWARD WINNER: BOB DUVALL

(TFP Inc)



Bob continues to impress his colleagues with his knowledge and skills for plating. Plating operations have existed for decades, however Bob is always ready to try new ideas and applications. Even though certain plating concepts have been deemed unsuccessful in the past, Bob will come up with new suggestions and attempt to do things that have never been done before in the plating world.



### PRIDE: CUSTOMER SERVICE PRIDE AWARD WINNER: DEAN PENNINGTON

(TFP Operator)



No job request or problem fazes Dean. He always takes it on positively and nothing is too much trouble. His standard of work and attention to detail is exemplary. Since joining TFP he has taken everything in his stride and does everything with a smile. He has quickly gained a reputation for going the extra mile and consistently works to a high standard.





- 01 TFP Recycled Carbon Veil
- 02 Bookbinding for international publications
- 03 James Cropper branded paper collections
- 04 Award winning packaging for the world's leading manufacturer of high-quality chocolate and cocoa products



# CHIEF EXECUTIVE'S REVIEW

## REVENUE

(2014: £84.5m)

**£83.1m** -1.7%

## OPERATING PROFIT BEFORE INTEREST

(Excluding IAS 19 Impact)

(2014: £2.5m)

**£3.9m** +53.2%

## PROFIT BEFORE TAX

(2014: £1.3M)

**£2.6m** +96%

## NET BORROWINGS

(2014: £10.3M)

**£6.1m** -41%

## DILUTED EARNINGS PER SHARE

(2014: 15.0P)

**20.1p** +34%

## FULL YEAR DIVIDEND PER SHARE

(2014: 7.9P)

**8.5p** +7.6%



### PHIL WILD

Chief Executive Officer, James Cropper plc.

## PROFIT

I am pleased to report a 53.2% growth in operating profit before interest to £3.9m in the year to 28 March 2015, compared to £2.5m in the year to 29 March 2014 (prior to the impact of IAS 19 pension adjustments).

Profit before tax (after IAS 19 adjustments) in the year was £2.6m representing an increase of 96% on the prior year.

## REVENUE

Group revenue for the financial year was £83.1m, down 1.7% on the prior year.

Across both businesses, UK sales were up 3.4% whilst export sales fell 6.9%. Across the Group, sales into the USA were down 4.8%. Sales into continental Europe were down 11.4% partly reflecting the Euro, which weakened by 13% against Sterling over the period, and partly as a result of lower volumes. Exports represented 47% of revenue in the year (2014: 50%).

By division, revenue for James Cropper Paper fell by 4.1%. This was affected by the planned exit of a non strategic line of display board business, de-stocking by a key customer and the Sterling's strength against the Euro. In order to grow exports in the paper division, we have invested in our regional sales teams, and this is starting to bear fruit. Sales in the Greater China area, where we established a sales and marketing subsidiary in April 2014, were up 32% on the prior year.

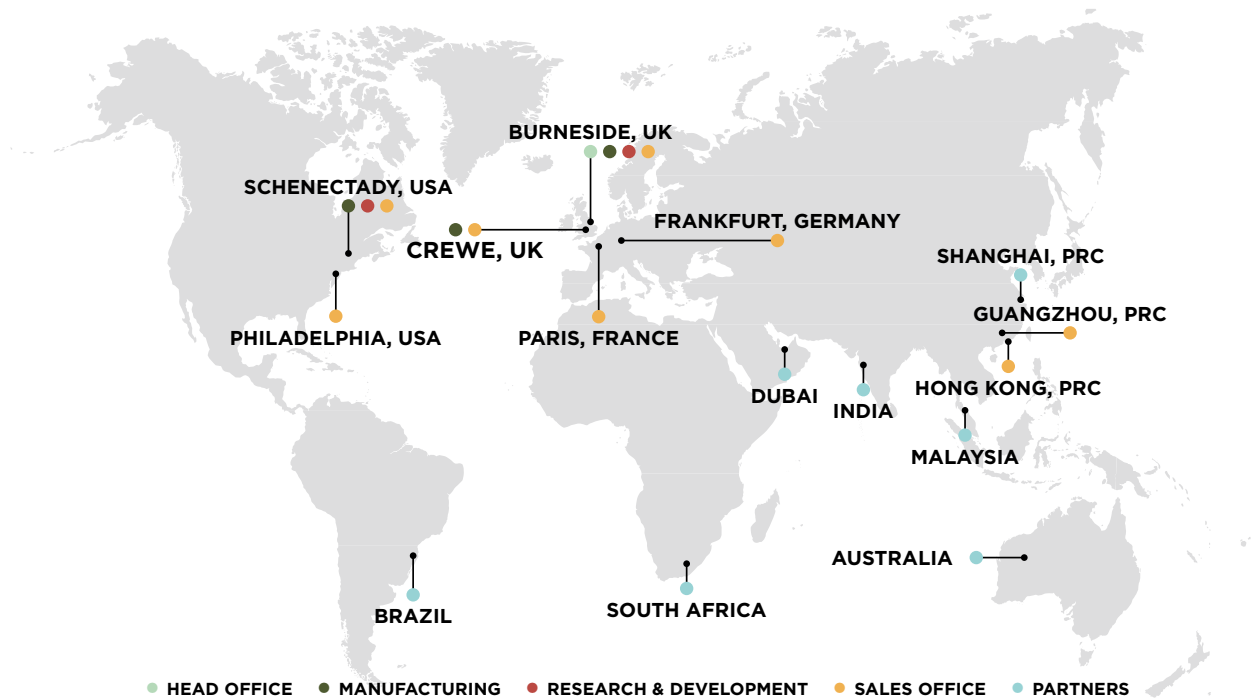
Revenue for Technical Fibre Products increased 11.5% year on year, with particularly strong growth generated in our target sectors of aerospace, defence, industrial and infrastructure. The fastest growing geographical region was China with sales growth of 66%, albeit from a relatively small base. TFP's sales in the UK grew by 31%, reflecting the successful re-organisation of the sales teams. TFP has seen a strong recovery in the UK wind turbine industry and a year on year uplift in sales for the joint strike fighter programme.

## RESEARCH AND DEVELOPMENT

Research and development (R&D) is a vital part of our growth strategy, adding to our capability, maintaining our competitiveness and bringing new product lines into our portfolios. We continue to invest in research and development

## JAMES CROPPER GLOBAL LOCATIONS

Worldwide presence with sales offices in Europe, China and USA



across the Group. Expenditure in R & D was £1.3m this year, up 7% on prior year.

### CAPITAL EXPENDITURE

Capital expenditure during the year was £2.6m (2014:£3.0m). The largest investment was on the additional capacity in TFP. This work will be completed in time for early commissioning in July 2015.

### PENSION

The Group operates three pension schemes. Close to 55% of employees have defined contribution personal payment plans. The Group operates two funded pension schemes providing defined benefits for a decreasing number of its employees. On the defined benefit schemes the overall value of the Schemes' assets increased by 25% over the period, whilst the schemes' liabilities also increased by 25%. The IAS 19 valuations of these schemes as at 28 March 2015 revealed a combined deficit of £14.4m compared with £11.6m at the previous year end, an increase of £2.8m. This increase in the schemes' overall deficit was principally caused by a decrease in the discount rate which is driven by new lows on corporate bond yields.

### CASH AND DEBT

Having repaid £2.1m of debt during the year, the Group had gross debt of £8.8m at the balance sheet date. At the same date, it had £2.7m of cash, giving a net debt of £6.1m (2014:£10.3m). The Group had un-drawn overdraft facilities of £4.7m. With short term borrowings of £2.7m to be repaid within 12 months of the balance sheet date, £4.7m remained available to the Group. Post year end, the Group has secured a £5.5m revolving credit facility, which further enhances its financial flexibility. Gearing at the financial year end, after deduction of the IAS 19 pension deficit, was 32%, down from 51% on the previous year.

### GLOBAL PRESENCE

The Group's significant presence worldwide is built on our own international network of manufacturing, research and development and sales facilities and is supported by sales agents.

### STRATEGY

Since 2013, James Cropper plc has embarked on a growth programme covering all functions within the group. The programme is built on five strategic platforms:-

- Superior levels of operational excellence
- High performance culture
- Existing market opportunities
- Gaining additional profitable market share
- Customer intimacy and market presence





## **SUPERIOR LEVELS OF OPERATIONAL EXCELLENCE**

*Objective: To establish world-class standards for safety, quality, efficiency, capability, service and cost throughout our businesses.*

### **Achievements in product development and improvement**

In Paper: investment in equipment to enhance colour management, slitting and laminating capabilities.

In TFP: development of laminated and powder scattered products.

### **Accreditations**

In Paper: Food contact papers have been approved to European (BfR XXXVI) and USA (FDA 176.170 and 176.180) standards.

In TFP: FOD (Foreign Object Debris) controls and compliance with the AS9100 accreditation is being completed in support of our aerospace business.

### **Safety**

The Group was awarded a Gold Award by the Royal Society for the Prevention of Accidents (RoSPA) in recognition of our safety work. This recognised consistent high standards in monitoring health and safety on site and maintaining a process of continual improvement.

### **Supply chain**

A focus on a lean supply chain has delivered significant increases in warehousing and storage capacities and improved delivery and service capabilities at a reduced overall cost.



## **HIGH PERFORMANCE CULTURE**

*Objective: to develop our organisation by building on our existing skills and investing in our development programmes to maximise performance at all levels of the company, supported by external recruitment as necessary.*

### **Development programmes**

During the year the Group, in partnership with external professionals, committed substantial investment in employee development for our senior leadership and sales and marketing teams.

### **External recruitment**

The Group has made significant hires in operations, sales and marketing and technical, building further on the company's capability.

In Paper we continue to invest in regional sales employees, with additions during the year across Europe and planned additions to follow in the USA.

### **Employee engagement**

We implemented a number of actions following feedback from the 2013 employee engagement survey, including launching a new vision, values and leadership competencies. Our engagement levels will be measured again in our follow-up survey in 2015.

## **EXISTING MARKET OPPORTUNITIES**

*Objective: to increase our market share within our prioritised existing markets.*

### **Credentials**

In Paper: with products containing increased levels of PCW (Post-Consumer Waste) as well as reclaimed fibre from our coffee cup recycling centre, we have enhanced our sustainability credentials across the product range.

In TFP: with products specified for use in the commercial aircraft sector and products specified into the F-35 Lightning II fighter jet we will benefit from higher sales as quantities for this programme and commercial applications increase.

### **Phased exit of declining commodity markets**

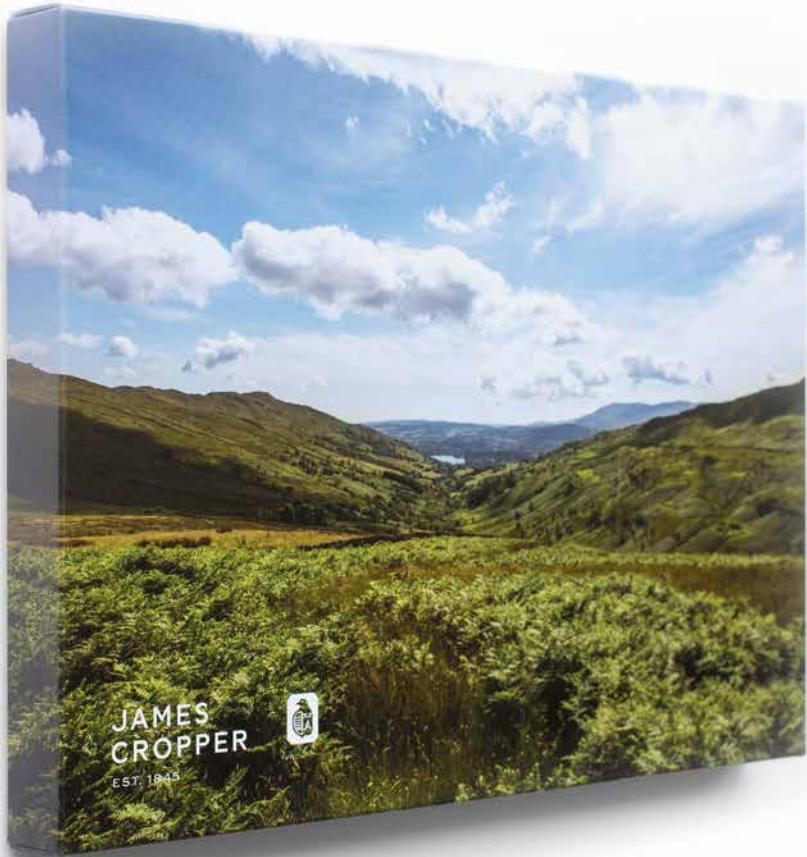
In Paper: an exit of a large portion of the display board market reducing sales by £2m, with minimal impact to profits.

### **Technical know-how**

In Paper: through businesses restructuring we have increased our ability to provide an overall solution for customers in specialist markets in the mid and higher value-add tiers. This is particularly notable within our luxury packaging business.

In TFP: The provision of technical solutions in wind, energy and consumer electronics markets, solutions not available from other manufacturers. During the year, some key changes in the phosphoric acid fuel cell supply chain have left TFP well positioned to build a strong position in this market.

*Khora is a photographic quality paper with top class reproduction for creating high quality wall art. Simple to assemble and fast to print, it serves the on-demand wall art market.*



## **GAINING ADDITIONAL PROFITABLE MARKET SHARE**

*Objective: to penetrate new geographic sectors and to grow specialised markets.*

### **Geographical focus**

In Paper: the expansion of our field-based sales team with additional coverage in key markets such as Germany, France and Spain. In 2015, a significant investment in the USA will be made.

Also in Paper we have significantly strengthened the sales team's language capability.

In TFP: new business in China and Russia generates important revenue streams, and overall we have seen a double digit percentage increase in the number of new accounts.

Also in TFP a more effective sales structure in Europe and a recognition that sales efforts are more effective when closely supported by members of the technology team.

### **Innovation and specialised markets**

In Paper: a number of innovations branded under the James Cropper name have been launched, notably Khora, Coffee and Carvetian Suede.

Coffee is a new brand made from reclaimed coffee cup fibre separated from the plastic in the cups in James Cropper's unique recycling plant. This is a ground breaking product and has led to significant opportunities as well as raising the profile of James Cropper as a truly innovative player in the speciality paper sector.

Carvetian Suede was launched in Monaco late last year. It closely reproduces the soft, yet durable qualities of suede leathers in a paper-based form. Through the range of colours Carvetian Suede is manufactured with a minimum of 40% recycled, post-consumer waste. The product is intended to provide not only luxury brands with a lavish packaging solution, but also encourage those compiling business documents, brochures and creative advertising materials with a show stopping finish.

In TFP: investment focussed on a small number of funded programmes, which leverage government funding and relationships with primes and other supply chain partners with the aim of developing "future technologies." The emphasis here is on composites, a fast growing market.

Also in TFP a number of development projects running directly with primes and tier 1 partners. These projects will see us strengthen our position through added know-how and capability in particle plating, electroplating, resistive heating and the application of thermoplastic veils in composites.



## **CUSTOMER INTIMACY AND MARKET PRESENCE**

*Objective: To increase customer intimacy and targeted geographic market presence.*

### **Adaptation to customer needs**

In Paper: development of the customer experience has been enhanced with extended customer service hours and improved product sampling, boosted by the brand experience through collateral and customer visits. Paper is implementing a relaunch of its brand which better reflects its strong heritage and the company's values.

### **Customer reach**

In TFP: significant marketing expenditure is helping to ensure that the company and its unique capabilities are better understood globally.

Also in TFP strengthened relationships with both aerospace primes and tier 1 suppliers, leave us well placed to benefit from future growth in the aerospace sector.

### **Market presence**

Both businesses exhibit at key events throughout Europe, Middle-East, Asia, Australasia and North America, and actively participate as subject matter experts in our field of expertise. Our exhibitions and PR strategy are proving effective in generating increased enquiries, visits to our web sites and attracting new customers.

## **BUSINESS PORTFOLIO ANALYSIS - DIVERSIFICATION & INNOVATION**

Over the past 24 months we have reviewed and refined the focus for each of the James Cropper businesses. As the business strategy in Paper and TFP has taken hold it has allowed time to evaluate the opportunity for the company to innovate further to diversify the group. As a result in 2014 the company established a new department: "Technology and Innovation" with the objective to build a third business for the company.

Following 18 months of testing and evaluation of a range of different opportunities, we have now concentrated our effort to develop one specific business. James Cropper 3D Products will require significant up front investment and is expected to become profitable in 2018. More details of the business as it becomes established will follow through the year.

Our strategy is now on a solid foundation and is starting to yield results across all of our businesses. I am very encouraged with the progress made by the team and I remain highly confident on our ability to achieve significant future growth in both new and existing businesses.

A handwritten signature in black ink, appearing to read 'Phil Wild'.

Phil Wild  
Chief Executive Officer







# FINANCIAL REVIEW

## SUMMARY (excluding IAS 19 adjustments)

	REVENUE			OPERATING PROFIT BEFORE INTEREST				NET INTEREST	PROFIT BEFORE TAX
	PAPER	TFP	GROUP	PAPER	TFP	OTHER	GROUP		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
2015	68,505	14,547	83,052	2,419	2,719	(1,239)	3,899	(405)	3,494
2014	71,471	13,047	84,518	2,023	1,278	(756)	2,545	(457)	2,088

Group turnover for the financial year was £83m, down 1.7% on last year. Reduced sterling revenues from the Euro zone markets, a key customer de-stocking and the exit of display board business all contributed to a deflated revenue line. Despite these headwinds strong sales in TFP, cost savings in energy and operational efficiencies have led to a 67% increase in profitability, with a profit before tax (excluding the impact of IAS 19) being £3.5m against £2.1m in the prior year.

After taking account of IAS 19 the Group's profit before tax in the year was £2.6m (2014: £1.3m).

## IMPACT OF IAS 19 PENSION ADJUSTMENTS

	BEFORE IAS 19 ADJUSTMENTS	IAS 19 ADJUSTMENTS			ADJUSTED PROFIT BEFORE TAX PROFIT
	PROFIT BEFORE TAX	SERVICE CHARGE	INTEREST	IAS 19 ADJUSTMENTS	
	£'000	£'000	£'000	£'000	£'000
2015	3,494	(418)	(501)	(919)	2,575
2014	2,088	(307)	(468)	(775)	1,313

The table below captures key expenses down to operating profit before interest (excluding IAS 19). The largest Group year on year savings are in energy charges with the overall cost of consumption being £5.2m compared to £6.0m in the comparable period. The unit commodity cost of natural gas was down 19% on the previous financial year. Group raw material and consumable costs were £34.4m down 6.8% on last year driven by price, efficiency and volumes. Research and development expenditure is up 7% to £1.3m on prior year, the costs incurred are in materials and consumables used on trials and employment related expenditure.

The average number of people employed increased from 518 to 526 over the year. Included in employment costs are provisions for a profit related bonus payout due to employees as a result of the successful growth in profitability. Prior to the IAS 19 pension adjustment employment costs were £22.2m compared to £20.8m in the previous year. IAS 19 dictates that a charge be made against operating profits of £0.4m over and above the cost of future service contributions, (2014: £0.3m), the cost of employment after the impact of IAS 19 as presented in the Income Statement, is £22.6m (2014: £21.1m).

	2015 £'000	2014 £'000	CHANGE £'000	CHANGE %
Paper Products	68,505	71,471	(2,966)	-4.1%
Technical Fibre Products	14,547	13,047	1,500	11.5%
<b>Revenue</b>	<b>83,052</b>	<b>84,518</b>	<b>(1,466)</b>	<b>-1.7%</b>
<b>EXPENSES</b>				
Raw materials and consumables used	(34,415)	(36,909)	2,494	-6.8%
Energy costs	(5,186)	(5,994)	808	-13.5%
Employee benefit costs	(22,189)	(20,842)	(1,347)	6.5%
Depreciation and amortisation	(2,502)	(2,654)	152	-5.7%
Other expenses	(15,427)	(16,100)	673	-4.2%
Other income and changes in inventory	566	526	40	7.6%
	(79,153)	(81,973)	2,820	-3.4%
<b>OPERATING PROFIT</b> before Interest (Excluding IAS 19 impact)	<b>3,899</b>	<b>2,545</b>	<b>1,354</b>	<b>53.2%</b>

	2015 £'000	2014 £'000	CHANGE £'000	CHANGE %
<b>OPERATING PROFIT</b> before interest (Excluding IAS 19 adjustment)	3,899	2,545	1,354	53.2%
Depreciation and amortisation	2,502	2,654	(152)	-5.7%
<b>EBITDA</b> <sup>*</sup> (before IAS 19 adjustment)	6,401	5,199	1,202	23.1%

<sup>\*</sup>EBITDA is operating profit before interest, tax, depreciation and amortisation.

The Group has a moderate 6% decrease in depreciation this year on the prior year. EBITDA increased by 23% to £6.4m (2014:£5.2m).

## TFP

**REVENUE** 11.5% 

**OPERATING PROFIT** 113% 

Revenue grew to £14.5m from £13.0m in the previous year, an 11.5% increase. Operating profit before interest more than doubled to £2.7m compared with the prior year of £1.3m.

The major drivers in performance came from the success of growth in markets outside of the US, the strong dollar increasing sterling revenues from the US where aerospace and defence business is on an upward trend. A large impact from operational efficiencies which helped the business meet demand in the year and overheads remaining under tight control.

Technical Fibre Products continues to invest in R&D with particle plating, powder scatter and nano fibre coating applications engaging key customers in early development work.

## PAPER

**REVENUE** 4.1% 

**OPERATING PROFIT** 20% 

Revenue fell from £71.4m to £68.5m in the year, down 4.1% principally as a result of the strong sterling against the euro combined with the planned exit from non-strategic markets, a key customer de-stocking and weak demand from Europe. With a strong dollar affecting raw material input costs it has been a very challenging year. Despite these headwinds operating profit before interest increased to £2.4m from £2.0m in the prior year.

The cost of Northern Bleached Softwood Kraft (“NBSK”) wood-pulp opened at \$920/tonne rising progressively to US\$933/tonne by the end of December 2014 and only falling downwards at the year end to \$886/tonne. The cost of Northern Bleached Hardwood Kraft (“NBHK”) wood-pulp opened at \$766/tonne and ended the year at \$755/tonne.

James Cropper Paper continues to invest in R&D. In 2014 the Group launched a range of 6 coffee themed colours which contain 50% reclaimed fibres, providing an environmentally conscious choice for a range of applications. The team are now placing an increasing emphasis on a range of food contact approved papers.

<b>CURRENCY</b>	<b>\$</b>	<b>€</b>
Opening rate April 2014 v. £	1.6641	1.2097
Closing rate March 2015 v. £	1.4826	1.3677
Exchange rate movement	10.9%	-13.1%
Strengthen/(Weaken) v. £		

The majority of exports into continental Europe are invoiced in €. €s are used to purchase € priced pulp and other € priced raw materials. Similarly, export sales outside Europe are invoiced in \$ and the receipts fund the purchase of \$ priced pulp. The situation is monitored to ensure that whenever possible currency receipts and payments are matched. These steps reduce exposure to foreign currency rate fluctuations and in the last year the exposure was closely matched in \$ and not so well matched in €. The table above compares the opening and closing exchange rates for the financial year against the exchange rate movement in the year, the euro having weakened by 13% against sterling in the year whilst the dollar strengthened by 11% in the period.

Potential foreign currency surpluses or deficits are dealt with by a combination of foreign currency forward selling and forward purchasing contracts. No forward contracts are in place at the balance sheet date, more detail of the Groups foreign exchange exposure is discussed under the Principal Risks section in this Annual Report.

## TAX

The Group's total tax charge for the year is £0.7m (2014: £0.1m credit) a tax rate of 27% on profit before tax. The effective rate is higher than the standard rate of corporation tax in the UK mainly as a result of the costs of overseas operations not being recognised for corporation tax purposes in the UK.

The deferred tax balances as at 28th March 2015 have been calculated based on the rate of 20% substantially enacted at the balance sheet date.

## BALANCE SHEET, CASH AND BORROWINGS

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Non-pension assets – excluding cash	50,810	51,093
Non-pension liabilities – excluding borrowings	(14,289)	(11,230)
	36,521	39,863
Net IAS 19 pension deficit (after deferred tax)	(11,554)	(9,312)
	24,967	30,551
Net borrowings	(6,105)	(10,277)
Equity shareholders' funds	18,862	20,274
Gearing % - before IAS 19 deficit	20%	35%
Gearing % - after IAS 19 deficit	32%	51%
Capital expenditure £'000	2,619	2,958

Shareholders' funds fell by £1.4m from £20.3m at the previous year end to £18.9m as at 28th March 2015. The overall IAS 19 pension deficit increased by £2.8m to £14.4m. This was off-set by a deferred tax asset of £2.9m. The IAS 19 pension deficit, net of deferred tax increased by £2.2m over the year to £11.6m. Further analysis of IAS 19 on pensions is provided on page 31.

Over the year borrowings falling due after more than a year decreased by £1.8m from £7.9m to £6.1m. Net debt decreased by £4.2m, whilst other liabilities excluding pensions increased by £2.9m. The Group's aim is to provide continuity of financing via the generation of operating cash inflows and in the continuation of a range of financing facilities with varying maturities from a variety of sources. The Group has secured a £5.5m revolving credit facility post year end.

<b>FACILITY PROFILE</b>	<b>2015 £'000</b>	<b>2014 £'000</b>
Overdraft facility	4,658	4,084
Loans	5,199	6,412
Leases	3,627	4,557
Total Facilities	13,484	15,053
Drawn	8,826	10,969
Undrawn	4,658	4,084
Undrawn facilities	4,658	4,084
Cash	2,721	692
Short term borrowings repayable within 1 year	(2,720)	(3,040)
Funds available in excess of 1 year	4,659	1,736

Net cash inflow from operating activities in the year was £7.8m after deducting past service pension deficit payments of £1.4m. The Group has focused on keeping working capital under tight control which resulted in a working capital cash inflow of £3.5m (2014: outflow of £1.4m). Capital expenditure was £2.6m (2014:£3.0m).

<b>CASH</b>	<b>2015 £'000</b>	<b>2014 £'000</b>
EBITDA (excluding IAS 19 impact)	6,401	5,199
Pension deficit payments	(1,362)	(853)
Decrease/ (increase) in working capital	3,475	(1,377)
Other	(668)	(599)
Net cash generated from operations	7,846	2,370
Capital expenditure	(2,619)	(2,958)
Dividends	(708)	(697)
Decrease in loans	(2,497)	(264)
Other	7	(8)
Increase/(decrease) in cash	2,029	(1,557)
Opening cash	692	2,249
Closing cash	2,721	692

Shareholders' funds at the year-end were £18.9m and net debt was £6.1m, resulting in a gearing ratio of 32% post IAS 19 deficit. With EBITDA of £6.4m (2014: £5.2m) the Group's leverage ratio (Net debt/EBITDA) is 1 (2014 leverage ratio of 2).

# OUR VALUES AND PRIDE AWARDS

## SUSTAINABILITY

Sustainability, by which we principally mean environmental sustainability, is at the heart of what we do at James Cropper. It covers many aspects, from the way we manage our operations to the products we develop and the markets we choose to serve. More than ever we believe that embracing this value is closely aligned to the long-term growth and prosperity of the Group.

## ENERGY

Paper-making is an energy intensive industry and as such it has always been important to manage our energy use as efficiently as possible. We were one of the first British manufacturers (in any industry) to install a gas combined heat and power (CHP) plant in the mid-1980s, and since then have continually updated our generation systems.

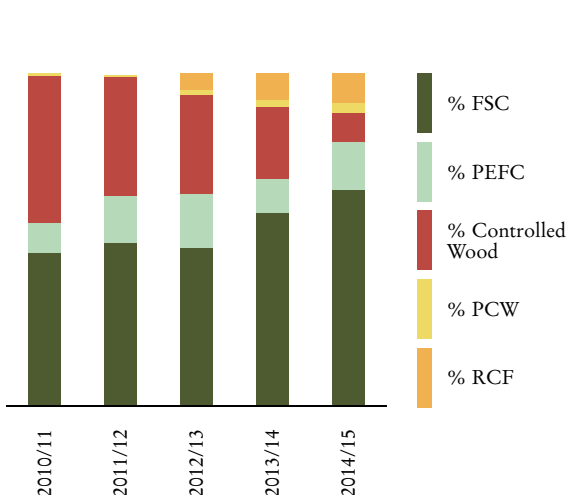
In 2013 we reintroduced hydroelectric power to our energy mix for the first time in nearly 50 years, and continue to exploit any opportunity to improve energy efficiency. The result is that our energy usage and associated emissions has not risen despite us adding a considerable amount of extra equipment over the last few years.

Next steps for our energy management includes obtaining the ISO 50001 Energy Management System accreditation, which promotes best practice beyond statutory requirements by specifying a programme of continual improvement backed up by regular external audit. The accreditation is underway and will help us better understand energy use and implement targeted reductions.

## RAW MATERIALS

Our chief raw material is pulp, which is used by our Paper division. This is only sourced from sustainably managed forests, which has been a long-term policy. Details on the different sources of fibre we have procured over the last five years are given below. In addition to virgin pulp, we are also sourcing a growing % of recycled fibres. This includes recycled fibre certified post-consumer waste (PCW), which has grown five-fold in recent years. This growth is set to continue.

### RAW MATERIALS FIBRE SOURCE



The percentage of recycled fibres we derive from our Reclaimed Fibre (RCF) Plant also continues to rise. The £5m plant, opened by HM Queen in 2013, and predominantly recycling coffee cups, has seen its overall contribution to our fibre provision nearly double from 5% in the first few months of operation to nearly 10% in the last financial year. Further process improvements will allow a further uplift this financial year.

Other materials we source such as mineral fillers, dyes and fibres and other substances procured for our TFP division, are carefully selected to ensure the lowest possible environmental impact, whether in production or the lifetime of a product.

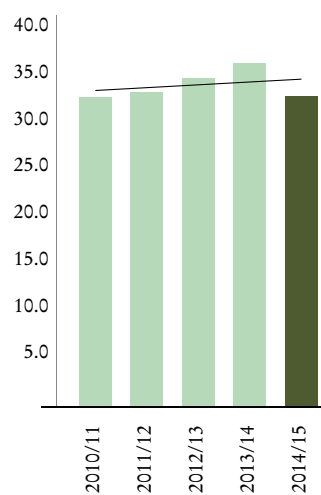
## WATER

James Cropper plc uses water abstracted from Cumbria's river Kent. This is as an integral part of the manufacturing process in both its Paper and TFP divisions.

The abstraction is carefully managed in partnership with the regulator of the Environment Agency, as is the treatment of all effluent arising from our operations. Over many years we have sought to increase the efficiency of our water usage and reduce the volume of waste and waste-water. This work continues apace, although it does not always result in absolute reductions as we continue to grow our businesses and the extent of operations. Thus efficiency metrics such as cubic metres of water used per tonne of output (M<sup>3</sup>/T) are key performance indicators.

Since 2007 we have operated a dewatering plant that allowed us to dry our sludge and divert it from landfill. It is certified to be of agricultural benefit and supplied to local farms as a mild fertiliser. Wastewater is sent via a dedicated sewer to Kendal Wastewater Treatment Works, where it is processed by United Utilities and restored to the river.

### WATER ABSTRACTION RIVER KENT (M<sup>3</sup>/T)









## PENSIONS

The Group operates 3 pension schemes. An increasing number of employees, now close to 55%, have defined contribution personal payment plans, where the retirement benefits are determined by the value of funds arising from contributions paid in respect of each employee. The Group also operates 2 defined benefit plans which require contributions to be made into separately administered funds and the benefits are based on employee's pensionable salary and length of service. The Group, or the Company makes contributions into employees' personal pension plans and the defined benefit schemes.

### DEFINED BENEFIT SCHEMES : "ON-GOING" VALUATION

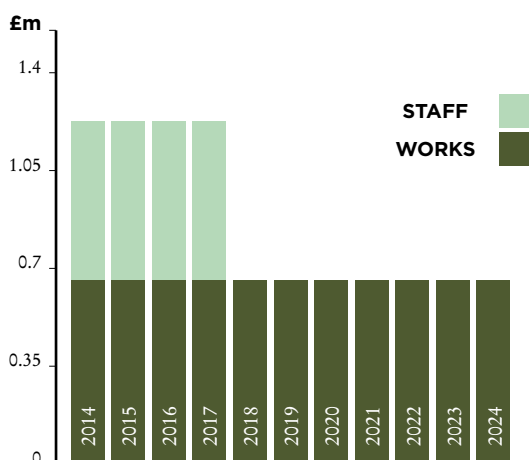
The Group operates two funded pension schemes providing defined benefits for a decreasing number of its employees; The James Cropper plc Pension Scheme (the "Staff Scheme") and the James Cropper plc Works Pension Plan (the "Works Scheme"). The latest actuarial "on-going" valuations of the Group's pension schemes at April 2013, determined the combined deficit of the schemes to be £12.7million. It is the Group's legal responsibility to fund the defined benefit pension scheme deficits.

	STAFF SCHEME	WORKS SCHEME	TOTAL
<b>TRIENNIAL "ON-GOING" VALUATION 2013</b>			
Discount Rate	4.45%	4.45%	
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Assets	35,255	37,815	73,070
Liabilities	(38,837)	(46,925)	(85,762)
<b>(Deficit)/Surplus</b>	<b>(3,582)</b>	<b>(9,110)</b>	<b>(12,692)</b>
Funding level%	90.8%	80.6%	

The "on-going" valuations are conducted on a tri-ennial basis and provide the Group with a steady platform to manage the deficit from one valuation to the next. The Group's Operating Profit (excluding the impact of IAS 19) of £3.5m (2014:£2.1m) is based on the pension management in line with the latest "on-going" tri-ennial valuation.

The schemes were closed to new members in 2000 in order to contain the Groups exposure to rising pension costs and to safeguard the accrued benefits to existing members. Future annual increases in pensionable pay were capped at a maximum of 2% as from 1st April 2011. Starting April 2014 increases in employee contributions are being phased in.

The Company's annual contributions to reduce the deficit have an impact on cash and the deficit as recognised on the Statement of Financial Position (SFP). The Group reached an agreement with the trustees on a schedule of annual cash contributions to eliminate the deficit as follows;



#### THE STAFF SCHEME

The actuarial valuation revealed a deficit of £3.6m. The Group has agreed that it will aim to eliminate the deficit over a period of 4 years from 1 April 2014 by the payment of annual contributions of £0.6 in respect of the deficit and will meet expenses of the Scheme and levies to the Pension Protection Fund.

#### THE WORKS SCHEME

The actuarial valuation showed a deficit of £9.1m. The Group has agreed that it will aim to eliminate the deficit over a period of 11 years and 1 month from 5 April 2014 by the payment of annual contributions of £0.7m in respect of the deficit and will meet expenses of the scheme and levies to the Pension Protection Fund.

The defined benefit pension schemes are sensitive to a number of key factors: the value of the assets, the discount rate used to calculate the schemes liabilities (based on a premium above gilt yields), the rate of inflation and the mortality assumptions for members of the schemes. Changes in these assumptions will impact the deficit positively or negatively. The next tri-ennial "on-going" valuation is in April 2016 at this time payments to reduce the deficit are subject to a new agreement with the trustees.

## IAS 19 PENSION VALUATION

IAS 19 “Employee Benefits” requires the Group’s actuaries to make assumptions including, but not limited to, future asset returns, rates of inflation, discount rates and current and future life expectancies, based on values and interest rates at the balance sheet date. The use of assumptions can have a material effect on the accounting values of the relevant assets and liabilities recognised on the Group’s Statement of Financial Position (SFP), which in turn has an effect on the cost of such liabilities as recognised in the Income Statement (IS).

As market values of the scheme assets and the discount factors applied to the scheme liabilities will fluctuate, this method of valuation will often lead to large variations in the “pension balance” year on year. The actuarial gains and losses arising from variances against previous actuarial assumptions are passed through to the balance sheet with corresponding movements in reserves. Specific movements are offset by actual contributions paid by the employer in the period.

The overall value of the schemes’ assets increased by 25% over the period, whilst the schemes liabilities also increased by 25%. The IAS 19 valuations of these schemes as at 28 March 2015 revealed a combined deficit of £14.4m compared with £11.6m at the previous year end, an increase of £2.8m.

### IAS 19 VALUATION 2015

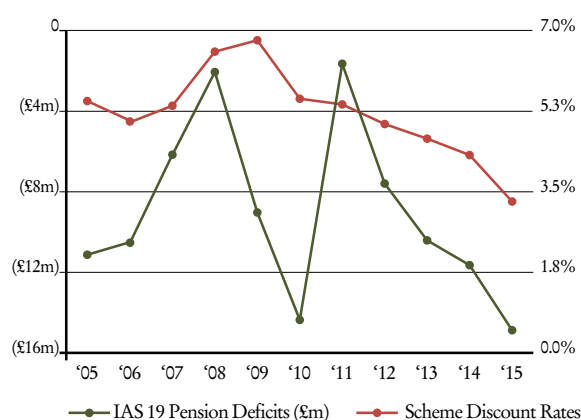
	STAFF SCHEME	WORKS SCHEME	BOTH SCHEMES		CHANGE %
			TOTAL 2015	TOTAL 2014	
Discount Rate	3.30%	3.30%			
	£000s	£000s	£000s	£000s	
Assets	45,271	47,075	92,346	73,842	<b>+25%</b>
Liabilities	(48,345)	(58,443)	(106,788)	(85,482)	<b>+25%</b>
(Deficit)	(3,074)	(11,368)	(14,442)	(11,640)	<b>+24%</b>
Funding Level - %	94%	81%	86%	86%	

The increase in the schemes overall deficit was principally caused by a decrease in the discount rate to 3.30% used to value the schemes liabilities (4.50% at March 2014).

The fall in the discount rate which is driven by **new lows on corporate bond yields has driven a substantial increase in the scheme’s liabilities over the year**, off set in part by the increase in asset values over the period.

Under IAS 19 the pension deficit is likely to be volatile and may in the future be very different from this current year end position. An indication of the potential variability of the scheme deficits under IAS 19 is set out in the chart opposite. The Group’s IAS 19 deficit has fluctuated markedly since 2005. The large declines in the combined deficit in 2008 and 2011 were as a result of significant reductions in future service benefits introduced in April of those years.

### SCHEME DISCOUNT RATES AND PENSION DEFICITS UNDER IAS 19



### IMPACT ON PROFIT

The Group manages pensions based on the latest on-going valuation and this provides a steady basis by which the deficit can be managed. The Group is however, required to report the impact of IAS 19 on pensions. The Group’s Operating Profit before Tax is based on the adjustments required to incorporate IAS 19 “Employee Benefits”.

The methodology set out under IAS 19 to calculate the pension scheme deficit is just one of a number of ways of calculating the deficit at a point in time and the assumptions used by the actuaries for their IAS 19 valuations are likely to be very different from those used with regard to their “on-going” valuations. Upon valuation at subsequent year-ends the movement in value from the previous valuation is expressed in the following component parts:

## MOVEMENTS WHICH AFFECT PROFIT

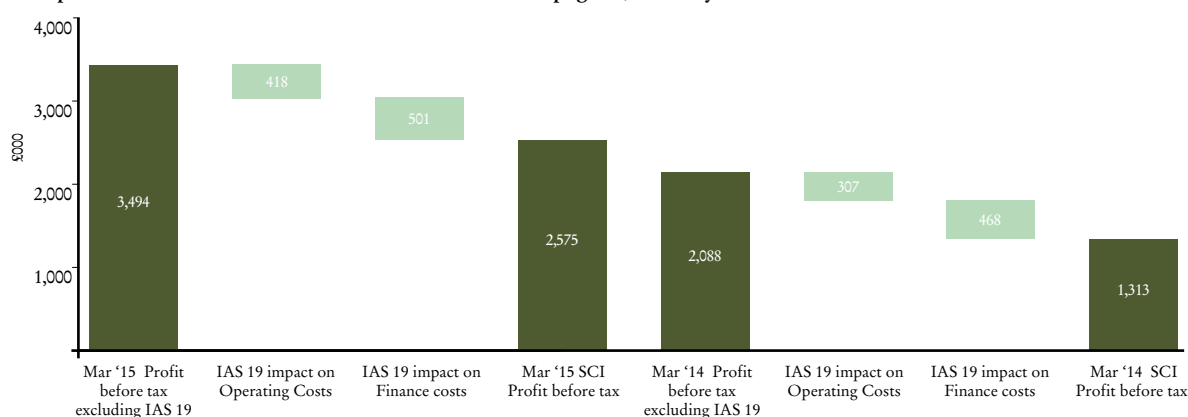
### OPERATING COSTS

- Current service charge, being the cost of benefits earned in the current period shown net of employees' contributions.
- Past service costs, being the costs of benefit improvements.
- Curtailment and settlement costs.

### FINANCE COSTS, BEING THE NET OF

- Expected return on pension scheme assets
- Interest cost on the accrued pension scheme liabilities

This chart sets out the 2 key impacts of IAS 19 on Profit before Tax (excluding the impact of IAS 19) at the year end to report a Profit before Tax in the Income statement on page 59, for the year to 28 March 2015 and 29 March 2014.



	2015 £000	2014 £000	CHANGE £000
<b>TOTAL ADJUSTED EMPLOYMENT COSTS</b>			
Wages and salaries	19,403	17,806	(1,597)
Social security costs	1,688	1,625	(63)
Pension costs - future service pensions contributions paid	561	662	101
Other pension costs	537	749	212
<b>Chargeable against Trading Operating Profit</b>	<b>22,189</b>	<b>20,842</b>	<b>(1,347)</b>
Wages and salaries	19,403	17,806	(1,597)
Social security costs	1,688	1,625	(63)
Pension costs - future service pensions contributions paid	979	969	(10)
Other pension costs	537	749	212
<b>Chargeable against Group Operating Profit</b>	<b>22,607</b>	<b>21,149</b>	<b>(1,458)</b>
Difference being: NET IAS 19 pension adjustment to operating profit	418	307	(111)

### IAS 19 IMPACT ON OPERATING COSTS

The cost of providing post-employment benefits decreased from £1,718,000 in 2014 to £1,516,000 in 2015. This charge was included in full within Operating Profit on the Income Statement. Actual future service pension contributions paid in the period by the Group to its two final salary schemes in accordance with the actuaries' recommendations, resulting from their 2010 "on-going" valuations, were £561,000. Under IAS 19 the charge against operating profit in the year was £979,000. This sum includes an excess charge of £418,000 required by IAS 19 over and above the future service contributions. The table above analyses employment costs charged against Operating Profit.

### IAS 19 IMPACT ON FINANCE COSTS

The income from plan assets allowed for in the interest cost is based on the discount rate, this impacts the costs shown in the Income Statement. A charge of £0.5m is charged to the income statement this year (2014: £0.5m in 2014).

### IAS 19 TOTAL IMPACT ON PROFIT

The Group's Operating Profit before Tax is based on the adjustments required to Operating Profit to incorporate IAS 19 "Employee Benefits" as described in this section.

**THE TOTAL CHARGE AGAINST PROFITS FOR THE YEAR END 28 MARCH 2015 IS £0.92M (2014: £0.78M).**

# OUR VALUES AND PRIDE AWARDS

## MOTIVATED WORKFORCE

Employee engagement is essential if James Cropper is to deliver its aspirations.

In recent years we have recognised this more than ever, leading us to commission an Employee Survey in 2013. This was designed to measure engagement levels across three principal areas:

1. Commitment to organisation's goals and values
2. Motivation to contribute to organisational success
3. Ability to enhance their own sense of well-being

The results were mixed, however the response rate of 76% was above average. 81% said they were proud to work for James Cropper plc while 83% said they understood and supported the company's values. These were both high ranking scores.

However, the survey highlighted a number of areas that needed to be addressed. This included performance management and leadership development, individual and collective employee development, employee recognition and knowledge of our competitors.

We have made many changes to consolidate the positives and address these shortcomings, including:

- Leadership competencies introduced and launched based on input from line managers and designed to tie in with revised vision and values
- People managers and sales teams taking part in major development programmes focussing on performance management and commercial skills
- Regular discussions (formal and informal) to plan individual and team development. Staff appraisals include career development plans
- All employee business briefings several times per year
- Monthly face-to-face briefings for each department
- Weekly news and updates provided by communications screensaver

In 2015 we will be running the survey again to further measure progress and identify areas for improvement.



### PRIDE: TAKING PRIDE PRIDE AWARD WINNER: GRANT McDOUGALL

(Process & Project Co-ordinator)



Grant's dedication to helping Paper products run smoothly is exemplary. He often stays behind at night to help the operators out, to see the products run and to sort out any issues that may occur. Grant's technical knowledge of converting is second to none and this has meant we have pushed the boundaries of our capabilities.



### PRIDE: TEAM AWARD PRIDE AWARD WINNER:

**IAN STANLEY** (Management Accountant)  
**STEVE ATKINSON** (Finance Manager - Paper)  
**STEVE GRABEK** (IT Systems Developer)



The team have supported Paper through implementation of TROPOS production monitoring; training operators across all shifts; working early 6am starts and finishing late to assist each shift after go-live. Together they broke down road blocks, engaged end-users and resolved issues, remaining true to the success of the production monitoring. Their support for users, and assistance in understanding and resolving issues post implementation continues and has proven to be invaluable.



## PRINCIPLE RISKS

Effective management of risk is within the overall responsibility of the Board and is key to ensuring good governance and to achieving the Group's strategy. The Board has ownership of the risk management strategy and coordinates activity across the Group. There is an ongoing process for identifying, evaluating and managing significant risks faced by the Group, which has been in place for the year under review and up to the date of approval of this Annual Report.

The Group manages risk by a combination of insurance and self-insurance. Self-insurance refers to actions taken internally or in conjunction with other third parties. In broad terms, high risks in financial and operational areas are more dependent on insurance than risks in commercial and personnel areas, which because of their nature are more likely to be managed by self-insurance.

Each subsidiary company has a strategy and process for highlighting the key risk areas of their business, and explaining the control measures and risk exposure.

It then takes appropriate steps to manage the risk exposure taking into consideration the likelihood, impact and cost/benefit of each of the risks. The Audit Committee monitors and reviews the effectiveness of the Group's financial accounting process and system of internal controls.

In addition to the Audit Committee the Board has departmental teams with risk management briefs. These include:

- Health & Safety
- Insurance
- Human Resources
- Pensions
- Environment
- Treasury
- Purchasing
- Information Systems

The principal risks and uncertainties that may adversely impact the performance of the Group are set out in the table on the following pages along with the steps taken to address these. Each risk should be considered independently. Other factors could adversely affect group performance and so the risks and uncertainties tabled should not be considered a complete set of potential risks.

## EMPLOYEE SAFETY

### RISK DESCRIPTION AND IMPACT

Employee safety is paramount and the Group embraces the ethos that nothing we do is worth getting hurt for.

It is essential that the Group operates a process of continuous improvement in maintaining high standards of safety. The risk of safe working practises being out of date or behavioural standards falling could result in a serious accident. If an incident were to arise where unsafe practice was found to be taking place, this could potentially result in an employee getting seriously hurt, the interruption of operations, financial penalties and reputational damage.

### MITIGATION

The Group has an extensive Health & Safety programme built around the ISO18001 framework which is proactively driven across every division. This is further supplemented with engagement from senior leaders in our proactive Safety Walk & Talk initiative where they take the time to review and endorse safe working practices with employees at all levels across the organisation. Our dedication to continuously improving occupational health and safety was recognised earlier this year when RoSPA (Royal Society For the Prevention of Accidents) accredited the James Cropper Group with a Gold Award.

The James Cropper Group remains fully committed to continuously improving its rigorous health and safety management system as it strives to deliver world class standards of safety. With this in mind, the James Cropper Group participates in external benchmarking and best practice set across the paper industry as a proactive committee member of PABIAC (Paper And Board Industry Advisory Committee), a tripartite strategic health and safety delivery partnership for the paper, board and recovered paper industries.

## ENVIRONMENT

### RISK DESCRIPTION AND IMPACT

Environmental sustainability, is at the heart of what we do at James Cropper and the way we operate safeguarding against environmental incidents is key. Should a material environmental incident occur at a James Cropper site this could result in material financial costs and reputational damage that undermines our commercial position as an environmentally responsible provider of sustainable products.

### MITIGATION

The Group has detailed processes in place to ensure as a minimum we comply with all environmental rules and regulations. In addition the Group engages proactively with the Environment Agency and seeks to enhance the way organisations can work together on environmental matters, controls and governance.

## ENVIRONMENTAL TAXATION

### RISK DESCRIPTION AND IMPACT

EUETS is a mandatory scheme for greenhouse gas emission allowance trading introduced by the EU to tackle emissions of carbon dioxide and other greenhouse gases from a number of specific industrial activities. The Group's combustion facilities became subject to this scheme as from 1st January 2008 under Phase 2. Phase 3 of the scheme is now underway and the Group's annual allowances have been reduced to an average of 16,000 tonnes of CO<sub>2</sub> per annum (phase 2: 41,000 tonnes) resulting in an average of 24,000 tonnes of CO<sub>2</sub> to be purchased on the EU Emissions Trading Scheme.

#### Risk on price

Prices are presently low, thought to be due to over-supply in the market and this keeps the cost of carbon emissions low. The risk is that the over-supply will be addressed by the EU and the actions taken will have a significant effect on prices. The likely result is that the current single figure prices rise significantly and create an increasing financial burden on the Group.

#### Risk on Energy Intensive Industries (EIIs).

The European Commission has recognised that EUETS could easily cause EIIs to move operations outside the European Economic Area or to close. The EC has created a special category, "Industries at risk of carbon leakage", to afford some shelter from the tax for those companies most at risk. Industries in this category receive beneficial treatment through Phase 3 of EUETS in that they do not have their free allowances reduced on a sliding scale throughout the Phase, as will happen with non-EIIs. The Group benefits from this concession as the paper sector is a carbon leakage sector. The risk is to the Group that in 2019 shelter from EUETS is removed prior to phase 4 of EUETS. Should the EC remove the carbon leakage status given to the paper industry the Group will face ever increasing costs of emissions, making operations unaffordable and it would be uncompetitive to stay within the EU.

#### Risk that the Carbon Price Floor exemptions are withdrawn.

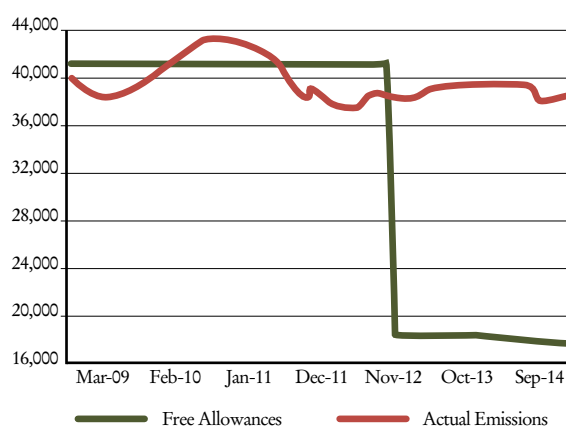
The Carbon Price Floor is part of the government's Electricity Market Reform package. It is a combination of the EUETS European Union Allowance (EUA) price and a top-up amount that, when added to the EUA price, forms the "Floor" price of carbon that HM Government has set. This levy is a UK "green" tax on the generation of electricity. From 1st April 2013 the Group has been subject to the Carbon Price Floor. HM Government announced changes to legislation that will largely exempt the Group from the Carbon Price Floor from 2015 onwards. The risk to the Group that government support could be withdrawn making the cost of manufacture rise and placing James Cropper at a distinct disadvantage to its EU competitors as well as those in the rest of the world.

### MITIGATION

As part of its energy strategy the Group considers diversification away from gas to alternative fuels and this also includes consideration of investments into sustainable energy saving solutions including technologies to reduce emissions or technologies which do not emit CO<sub>2</sub> whilst generating energy.

In order to comply with EUETS phase 3 the Group will meet its mandatory requirement to purchase around 24,000 tonnes of CO<sub>2</sub> a year. The Group actively considers forward contracts to manage its costs in this area. At the year end March 2015 forward carbon emission purchase commitments are in place to December 2018, these provide the Group with some certainty over the future cost of emissions.

#### EUETS Emissions



The Group's energy strategy considers investments into technologies which reduce emissions or technologies which do not emit CO<sub>2</sub> whilst generating energy. Until a suitable investment opportunity is found, the Group will continue to operate within the existing framework and be subject to EC regulation in this area as it develops.

James Cropper plc is a member of the Confederation of Paper Industries (CPI) an organisation which works on behalf of the UK's Paper-based Industries. The CPI lobbies HM Government alongside other UK intensive energy users to protect UK industry and manufacturing from carbon leakage. The CPI also addresses issues that impact UK manufacturers such as the Carbon Price Floor and is a leading trade association that monitors proposals to tax carbon and represents industries which are threatened by new taxes.

The Group evaluates operational energy efficient improvements on a continuous basis and is keen to recognise and adopt energy reduction measures that may be derived through the Energy Savings Opportunity Scheme (ESOS) a mandatory initiative for large UK enterprises requiring regular audits of energy use.

## PENSION

### RISK DESCRIPTION AND IMPACT

The Group operates 2 defined benefit pension schemes which are in deficit. Actuarial deficits are sensitive to a number of key factors: the value of the assets, the discount rate used to calculate the schemes liabilities (based on corporate bond yields), the rate of inflation and the mortality assumptions for members of the schemes. Changes in these assumptions could mean that the deficit increases further.

### MITIGATION

The Group's strategy is to ensure the profitable and sustainable growth of the Group whilst monitoring the longer term economic environment as conditions change.

Membership of the Schemes was closed to new members in 2000 in order to contain the Groups exposure to rising pension costs and to safeguard the accrued benefits to existing members. Future annual increases in pensionable pay were reduced to a cap of 2% as from 1st April 2011. Starting April 2014 increases in employee contributions are being phased in. Annual contributions to reduce the deficit have been agreed with the trustees. The next tri-ennial valuation is in April 2016 and an evaluation of pension liabilities will contribute to a proactive consideration of liability management exercises and a new agreement with the trustees on payments to reduce the deficit.

The Group agrees an investment strategy with the trustees taking account of risk.

## ENERGY PRICE VOLATILITY

### RISK DESCRIPTION AND IMPACT

Gas prices are affected by global supply and demand and price can be subject to significant fluctuations.

Factors that influence these include natural disasters, climate, political instability, conflicts, economic conditions and actions by major oil & gas exporting countries

Price fluctuations can affect our business assumptions, margins and investment decisions.

### MITIGATION

The Group aims to mitigate its exposure to energy costs by a combination of: strategically considering diversification away from gas to alternative fuels, investing in sustainable energy saving solutions and securing long term purchase forward prices.

At the time of this report forward purchase contracts are in place to secure prices for 24 months. This provides the Group with a degree of certainty over future energy costs.

## COMMODITY PRICE VOLATILITY

### RISK DESCRIPTION AND IMPACT

Pulp prices are affected by global supply and demand and price can be subject to significant fluctuations.

Factors that influence these include natural disasters, climate, political instability, conflicts, economic conditions and actions by major pulp producers.

### MITIGATION

The Group aims to recover costs in pricing with a typical 4 to 8 month delay. In the event that competitor behaviours and global economic factors mean that the Group is unable to recover further price increases the profitability of the Group would be substantially reduced.

The Group's ability to offer more than a quality product, in addition to supply chain management, service, innovation, sustainability and brand support, helps to provide some buffer against price sensitivity.

Pulp substitution from the reclaimed fibre plant works to mitigate some of the impact of virgin pulp costs.

## EXCHANGE RATE VOLATILITY

### RISK DESCRIPTION AND IMPACT

The Group operates on a global basis, and earns revenues, incurs costs and makes investments in a number of currencies; the 3 major operating currencies are Sterling, Euro and Dollar. The Group's financial results are reported in Sterling. Volatile exchange rates could have a significant impact on the Group's results.

### MITIGATION

The Group matches receipts and payments in the same foreign currency due in the same period. The Group's treasury function seeks to hedge anticipated unmatched cash flows using financial instruments. No transactions for this purpose have been entered into at the year ending March 2015.

The Group prepares consolidated financial statements for reporting purposes, the consolidation process entails translating the financial statements of foreign subsidiaries from foreign to domestic currency. A dollar hedge is in place to mitigate the impact of translation exposure with the subsidiaries based in the USA.

## FALL IN DEMAND

### RISK DESCRIPTION AND IMPACT

The profitability of the Group is sensitive to economic slowdown in non UK markets, volume, the mix of sales and product and service pricing. A 5% reduction in sales in any one division could result in a fall in operating profits if not mitigated by a cost reduction programme or growth in other areas.

### MITIGATION

The global expansion of the Group helps to mitigate economic risks and plans are being deployed to grow our market presence and diversify product ranges and geographical markets. The Group will continue to build on existing skills, and the skills development of sales executives, recruitment of experienced sales and planning professionals also assist the effective deployment of these diversification plans.

The Group is launching a new division which over time will bring greater resilience.

## NEW DIVISION

### RISK DESCRIPTION AND IMPACT

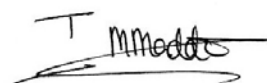
In January 2014 the Group established the "Technology and Innovation" division, which has now identified a diversification opportunity. The risk recognised is that the new division may cost more to set up and take longer to be cash generative.

### MITIGATION

The Group supports the utilisation of existing employee resource at the start of this diversification opportunity. Initial investment is minimised through the utilisation of existing factory resource and infrastructure. The market will be tested before a significant upscale of operations.

There will be discussion and updates at monthly meetings of the Executive and the Group Board on key strategic and operational matters affecting the development of the new operation.

On behalf of the Board.



Isabelle Maddock,  
Group Finance Director



# OUR VALUES AND PRIDE AWARDS

## COMMUNITY FOCUS

Community focus is a broad ranging value that goes beyond our relationships and support for the communities around our operations. We believe in social responsibility more broadly. For instance, Patrick Willink, our Chief Technology Officer, is currently President of the Confederation of Paper Industries, which represents British paper industry interests on a national and international stage. We also work on a national level on other fronts including education and safety. Chief Operations Officer, Dave Watson, sits on the Paper and Board Industry Advisory Committee which is a partnership between industry, unions and HSE responsible for health and safety.

In our locality, we work broadly with schools and universities to promote careers in science and industry. This includes technology development projects with Lancaster University, Kendal's Queen Katherine and Kirkbie Kendal secondary schools, and providing work experience to local students.

Closer to home, our community focus is channelled through our Community Support Committee, which provides modest grants to a wide range of local institutions, not least charitable

but also cultural and sporting. We are very proud of our long-standing involvement in the production of the paper remembrance poppy and are honoured to have worked with the Royal British Legion in support of their fund raising campaigns. In addition, for many years we have supported local schools with the provision of free paper. Our lorries have also been a regular participant in the annual Kendal Torchlight Carnival for many decades.

We hope to inject fresh ideas into our community focus. Over a period of many years our links with the village of Burneside, which grew on the back of our operations, have weakened. The trend towards directors and employees living further afield, combined within modern safety and security considerations, has made our mills less accessible than they once were. We have sought to address this by participating alongside other key stakeholders, including the Burneside Parish Council, in the creation of a masterplan for a revitalised village in which we would like to play a clearer and stronger role.





**PRIDE: COMMUNITY & ENVIRONMENT  
PRIDE AWARD WINNER:  
STUART BELL**



(Utilities Co-ordinator)

Stuart not only runs the power station on site, but also has the whole site services to look after. This ranges from supplying clean drinking water to local houses and farms to maintaining the reservoirs. A lot of his work goes unnoticed, but without his expertise and dedication the mill wouldn't run as smoothly. Alongside this, Stuart is also the secretary of the Burnside Brass Band and spends a lot of his spare time organising concerts and helping the band raise money for charity.





# GOVERNANCE

**42 BOARD OF DIRECTORS**

**44 REPORT OF THE DIRECTORS**

**52 DIRECTORS REMUNERATION REPORT**



# BOARD OF DIRECTORS

**MARK A J CROPPER, MA**  
**CHAIRMAN**

Mark joined the Group and the Board in 2006, becoming Chairman in 2010, the sixth generation of the Cropper family to hold this position. He is a Director of Ellergreen Hydro Ltd, a developer and operator of hydro-electric schemes, and is a partner in Turquoise Capital LLP.



**ISABELLE M MADDOCK**  
**BSC, FCMA**  
**GROUP FINANCE DIRECTOR**

Educated at the University of Central Lancashire, Isabelle is a Fellow of the Chartered Institute of Management Accountants. Isabelle joined the Company in 2006 and was appointed Head of Finance in 2013 and Group Finance Director in July 2014.



**PHILIP I WILD, BEng**  
**CHIEF EXECUTIVE OFFICER**

Phil joined the Group and the Board as Chief Executive in 2012. A graduate of Loughborough University and the London Business School, he previously worked for 3M where he held roles and directorships covering industrial, healthcare, automotive and security market sectors.



**PATRICK J WILLINK**  
**BSC, MBA**  
**CHIEF TECHNOLOGY OFFICER**

Educated at Newcastle University and Imperial College, Patrick joined the Group in 1990 and the Board in 1998. In 2014 he became Chief Technology Officer of the Group and was also appointed President of the Confederation of Paper Industries Ltd later that year.



**KARL D WATSON**  
**B.Eng (Hons)**  
**CHIEF OPERATING OFFICER**

Educated at Sunderland University and London Business School, Karl has over 30 years experience in industrial, automotive, pharmaceutical and secure documents and systems markets. Karl joined the Group and Board in January 2014.



**MARTIN THOMPSON, MBA**  
**MANAGING DIRECTOR,**  
**TECHNICAL FIBRE PRODUCTS LIMITED**

Prior to joining the Group, Martin held a variety of roles covering Business Systems, Technical and Operations Management. Martin joined the Group in 2003, he was appointed Managing Director of Technical Fibre Products Ltd in 2013 and appointed to the Board in 2013.





**DAVID R WILKS,**  
LLB (HONS)  
NON-EXECUTIVE DIRECTOR

A Director of Wilks & Partners, a management consultancy company he founded, David joined the Board in April 2004. He has extensive manufacturing operations experience and is a former director of the Paper Federation of Great Britain Ltd.



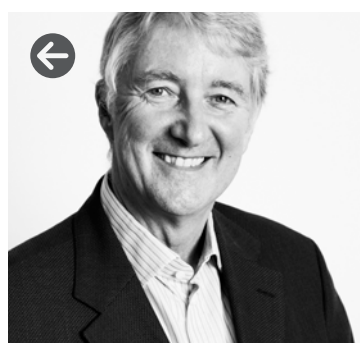
**JAMES SHARP, BA**  
NON-EXECUTIVE DIRECTOR

James is a partner of Sirius Equity LLP, an investment firm which specialises in the retail and luxury goods sectors, whose investments include L K Bennett and feelunique.com. James joined the Board in 2009. He is also a Non-Executive Director of The Brunner Investment Trust plc.



**DOUGLAS MITCHELL**  
BSC (HONS)  
NON-EXECUTIVE DIRECTOR

Prior to his retirement in 2010, Douglas was Managing Director of 3M UK and Ireland, within 3M he held a number of senior roles in Management, Sales and Marketing, Logistics and Manufacturing. Douglas joined the Board in January 2012.



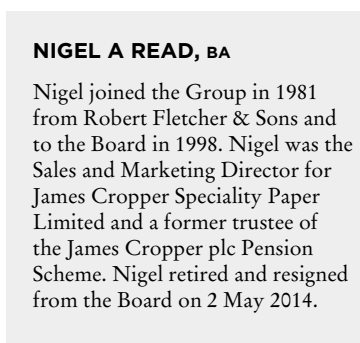
**JAMES SHARP, BA**  
NON-EXECUTIVE DIRECTOR

James is a partner of Sirius Equity LLP, an investment firm which specialises in the retail and luxury goods sectors, whose investments include L K Bennett and feelunique.com. James joined the Board in 2009. He is also a Non-Executive Director of The Brunner Investment Trust plc.



**JOHN M DENMAN**  
BSC, FCA

John joined the Group and the Board from Cable & Wireless plc in 1995. A former trustee of the James Cropper plc Pension Scheme and former director of the Paper Federation of Great Britain Limited. John retired and resigned from the Board on 30 July 2014.



**NIGEL A READ, BA**

Nigel joined the Group in 1981 from Robert Fletcher & Sons and to the Board in 1998. Nigel was the Sales and Marketing Director for James Cropper Speciality Paper Limited and a former trustee of the James Cropper plc Pension Scheme. Nigel retired and resigned from the Board on 2 May 2014.



**DAVID R CAREY, FCCA**  
COMPANY SECRETARY

David joined the Group in 1974 as Chief Accountant and he became Company Secretary in 1996.

# REPORT OF THE DIRECTORS

## REVIEW OF THE BUSINESS

The Group's principal activities comprise the manufacture of specialist paper and advanced materials.

Details of the Group's activities are included in the Strategic Report. The Chairman's letter and the CEO's review address business activities during the year and comment on strategic direction and prospects.

## RESULTS

The profit attributable to equity holders of the Company for the 52 weeks ended 28 March 2015 is set out in the Statement of Comprehensive Income. The dividends paid during the year, and the proposed final dividend, are set out in the Notes to the financial statements.

## STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

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 Group and Parent Company financial statements for each financial year. As required by the AIM Rules of the London Stock Exchange they are required to prepare the Group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the Parent Company financial statements on the same basis.

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 Group and Parent Company and of their profit or loss for that period. In preparing each of the Group and Parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Parent Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

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

## DIRECTORS' RESPONSIBILITIES IN RESPECT OF CORPORATE GOVERNANCE

The Board is accountable to the Group's shareholders for corporate governance. Whilst there is no requirement to comply with the Combined Code, the Group is committed to a high standard of corporate governance and this section describes how the relevant principles of governance are applied to the Group.

## THE BOARD

The Group Board considers that it is well balanced and operates in an effective manner and is collectively responsible for the success of the Group. It comprises the Chairman together with five Executive Directors and three Non-Executive Directors.

Sir James Cropper is the Company's Honorary President, but is not a director of the Company.

Nigel Read retired from the Company on 2 May 2014 and ceased to be an Executive Director and Sales & Marketing Director of James Cropper Speciality Papers Ltd.

John Denman retired from the Company on 30 July 2014 and ceased to be Finance Director of the Group. Isabelle Maddock, the Group's Head of Finance was appointed Group Finance Director and a director of the Company on 31 July 2014.

Mark Cropper is the Chairman of the Group and is responsible for the running of the Board.

Although he is deemed not to be independent under the Combined Code as he has close family ties, the Board considers him to be independent as he displays sound business judgment, and provides unequivocal counsel and advice to the Board.

Phil Wild is the Chief Executive and is responsible for the running of the Group's business.

David Wilks is the senior independent Non-Executive Director.

The Group Board met seven times during the year, with prepared agendas for discussion and formal schedules of items to be approved covering structure and strategy, management, financial reporting and controls, board membership and committees, and corporate governance. There is a schedule of matters reserved for the Board's decision.

The Executive Committee, under the chairmanship of Phil Wild, met twelve times during the year with prepared agendas for discussion.

All Directors have access to the advice and services of the Company Secretary. The Board has also established

a formal procedure whereby Directors, wishing to do so in the furtherance of their duties, may take independent professional advice, if necessary, at the Group's expense. All Directors are aware of their responsibility to regularly update their skills and knowledge.

## BOARD COMMITTEES

There are four sub-committees reporting to the Group Board:

- Executive Committee
- Remuneration & Management Development Committee
- Audit Committee
- Nomination Committee

The Executive Committee comprises the Executive Directors and two Senior Executives. The Committee's terms of reference include the development and implementation of strategies, operational plans, and the assessment and control of risk. Phil Wild, the Group's Chief Executive, is Chairman of the Committee.

The Audit Committee, the Remuneration & Management Development Committee, and the Nomination Committee comprise the Non-Executive Directors of the Group. Jim Sharp is Chairman of the Audit Committee, David Wilks is Chairman of the Remuneration & Management Development Committee, and Mark Cropper is Chairman of the Nomination Committee.

The Committees' terms of reference are displayed on the Group's website.

## RE-ELECTION

The Directors are subject to retirement on a periodic basis and re-election by the shareholders in accordance with the Articles of Association whereby a director shall retire from office at the first AGM after their appointment and thereafter shall retire at every third AGM after the AGM at which last appointed.

Resolutions will be proposed at the Annual General Meeting for the re-election of P.J. Willink and I.M. Maddock as Directors of the Company.

## PERFORMANCE EVALUATION

The Chairman undertakes an annual Group Board appraisal with each Executive Director.

The performance evaluation process includes the Chairman reviewing and monitoring the Chief Executive's performance on an annual basis and the Chief Executive reviewing and monitoring the Executive Directors. The high level individual objectives agreed at the reviews are communicated to the Remuneration & Management Development Committee.

The Chairman reviews the Non-Executive Directors' performance annually on an individual basis.

The Chairman's performance is appraised by the senior independent director and the other non-executive directors

without the Chairman being present, and the comments fed back to him for discussion.

## FINANCIAL POLICIES AND INTERNAL CONTROLS

The Board is committed to presenting a full, balanced and understandable assessment of the Group's position and prospects, both in the Annual Report and at other times as appropriate throughout the year.

The Directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The Directors are responsible for preparing financial statements for each financial year which give a true and fair view, in accordance with IFRSs as adopted by the European Union, 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 those financial statements, the Directors are required to: -

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether the financial statements comply with IFRSs as adopted by the European Union;

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 and the Directors' Remuneration Report comply with the Companies Act and Article 4 of the IAS Regulation. 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.

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

The Board is responsible for and sets appropriate policies on internal control and seeks regular assurance, at least annually, that enables it to satisfy itself that processes are functioning effectively. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide reasonable, but not absolute, assurance against material misstatement or loss. If a failure is discovered the Board will take remedial action.



There is no internal audit function within the Group and the Board consider that this is appropriate given the nature of the Group's activities. The letter from the external auditors confirming their independence and objectivity was reviewed by the Audit Committee. KPMG LLP have confirmed their independence and the Directors believe KPMG LLP to be independent and objective.

The Audit Committee monitors and reviews the effectiveness of the Group's financial accounting process.

The Key Performance Indicators (KPIs) and principal risks and uncertainties affecting the Group are considered in the Strategic Report.

### **RELATIONS WITH SHAREHOLDERS**

The Finance Director, the Chairman and the Chief Executive maintain contact with institutional investors as appropriate and any presentations made to them can be found on the Group's website.

The Non-Executive Directors attend the Annual General Meeting and are available for discussions with shareholders.

Currently the Group makes available its financial results on the website [www.cropper.com](http://www.cropper.com) and issues printed copies of the Annual Report to shareholders.

### **GOING CONCERN**

The Directors consider that the principal risks noted in the Strategic Report are the most significant to the Group but these do not necessarily comprise all risks to which the Group is exposed.

At 28 March 2015 the Group's available cash and borrowing facilities were £7.4m of which £4.7m was undrawn. Having taken account of current borrowings to be repaid within 12 months of the balance sheet date, £4.7m was available to the Group beyond 12 months. The Group has negotiated a £5.5m revolving credit facility post year end.

The Directors having considered the current trading prospects, identifiable risks, working capital requirements and the availability of finance are of the opinion that the Group and Company are going concerns. The accounts have been prepared on this basis.

At the Annual General Meeting the Chairman will give an update on the current trading position and invites shareholders to table any questions and encourages their participation.

### **EMPLOYEE INVOLVEMENT**

Regular consultative meetings are held with the employee trade union representatives to advise them on all aspects of Group developments. A monthly briefing on Group performance is carried out for all employees and they have access to a copy of the Annual Report. As a matter of policy, plans are formally discussed with those who will use new equipment, plant and computer systems before designs are finalised. Safety improvement teams deal with day-to-day aspects of safety improvement.

The Group operates bonus schemes and a Save as You Earn ("SAYE") Scheme to encourage employee involvement.

Independent to the assets on the Group Balance Sheet there is an Employee Share Trust which currently holds approx 122,000 shares in James Cropper plc for the benefit of all employees so that their interests are linked to the Group's future growth. No director of the Group is a trustee of the Scheme, and the trustees confirm that they apply the assets for purely benevolent purposes.

### **EMPLOYMENT OF DISABLED PEOPLE**

It is the Group's policy to give equality of opportunity when considering applications from disabled people where the job requirements are considered to be within their ability. When existing employees become disabled they are retained wherever reasonable and practicable. The Group tries to provide equal promotion opportunities wherever possible.

### **DONATIONS FOR POLITICAL AND CHARITABLE PURPOSES**

It is the Group's policy not to make any donations to, or incur expenditure on behalf of political parties, other political organisations or independent election candidates and the Board does not intend to change this policy.

Donations totalling £5,000 (2014: £9,000) were made for various local charitable purposes.

### **AT THE FORTHCOMING ANNUAL GENERAL MEETING THE FOLLOWING RESOLUTIONS WILL BE PROPOSED:**

#### **DIRECTORS' AUTHORITY TO ALLOT SHARES**

A resolution will be proposed to renew an existing authority which expires at the Annual General Meeting and gives the Directors authority to exercise the powers of the Company to allot un-issued shares.

#### **DIRECTORS POWER TO DISAPPLY PRE-EMPTION RIGHTS**

A resolution will be proposed which disapplies statutory pre-emption rights on the allotment of shares by empowering the Directors to allot shares for cash without offering them to existing shareholders first.

#### **WAIVER OF THE OBLIGATION TO MAKE A GENERAL OFFER UNDER RULE 9 OF THE TAKEOVER CODE**

A resolution will be proposed as an ordinary resolution, to seek the approval of independent shareholders to a waiver, which the Panel on Takeover and Mergers has agreed to give (subject to such approval to be sought by way of vote taken by poll), of the obligation that might otherwise arise under Rule 9 of the City Code on Takeovers and Mergers for the members of the Cropper, Willink and Acland families (the "Concert Party") to make a mandatory offer for the shares

in the Company not already owned by the Concert Party as a result of any or all of (i) the vesting of shares under the LTIP awards granted in 2012-2014 and the grant (and subsequent vesting) of ordinary shares under the 2015 LTIP awards and (ii) the vesting of shares under the 2013 SAYE scheme. For more details on this waiver resolution, the City Code on Takeover and Mergers, the Concert Party and the awards under the LTIP and SAYE please see the Notice of Annual General Meeting accompanying this Annual Report.

## **SUBSTANTIAL INTERESTS**

Shareholdings in excess of 3% of the issued capital at 1 June 2015 were as follows:

<b>NAME OF SHAREHOLDING</b>	<b>NUMBER OF SHARES</b>	<b>% HOLDING</b>	<b>NOTE NO. BELOW</b>
Cropper Family - Beneficial and Non Beneficial Interests	3,039,366	33.1	
Willink Family – Beneficial and Non Beneficial Interests	512,995	5.6	
Acland Family – Beneficial Interests	52,386	0.6	
Total	3,604,747	39.3	1
<hr/>			
Brewin Nominees Ltd	531,797	5.8	2
BNY (OCS) Nominees Ltd	343,162	3.7	
The Bank of New York Nominees Ltd	321,688	3.5	
Platform Securities Nominees Ltd	297,294	3.2	
Nortrust Nominees Ltd	279,151	3.0	

### **Notes on Shareholding Table:**

1. The Cropper, Willink and Acland families are related and are deemed to be acting in concert with a total holding of 39.3% holding in the Company.
2. Included in this percentage is 5.2% disclosed in the shareholding of the concert party.

## **AUDITOR AND DISCLOSURE OF INFORMATION TO AUDITOR**

Each Director, as at the date of this report, has confirmed that insofar as they are aware there is no relevant audit information (that is, information needed by the Company’s auditor in connection with preparing their report) of which the Company’s auditor is unaware, and they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company’s auditor is aware of that information.

AGM resolutions will be proposed that KPMG LLP be and are hereby reappointed auditors of the Company and will hold office from the conclusion of this year’s Annual General Meeting until the conclusion of next year’s Annual General Meeting at which accounts are laid before the Company, and that their remuneration be fixed by the Directors.

## DETAILS OF DIRECTORS' INTERESTS

DIRECTOR	INTEREST	AT 28 MARCH 2015		AT 29 MARCH 2014	
		ORDINARY SHARES	OPTIONS ON ORDINARY SHARES	ORDINARY SHARES	OPTIONS ON ORDINARY SHARES
M A J Cropper	Beneficial	1,205,593	10,695	1,205,549	4,673
	Non-beneficial	660,826	-	60,000	-
P I Wild	Beneficial	1,143	78,872	1,058	56,630
I M Maddock	Beneficial	11,019	14,036	10,707	6,168
M Thompson	Beneficial	37,630	32,469	27,785	52,852
K D Watson	Beneficial	1,021	11,084	1,000	2,252
P J Willink	Beneficial	44,210	35,748	47,595	39,880
	Non-beneficial	1,132,408	-	1,132,408	-
D R Wilks	Beneficial	9,112	-	9,112	-
	Non-beneficial	101,255	-	60,000	-
J E Sharp	Beneficial	7,950	-	7,950	-
	Non-beneficial	101,255	-	60,000	-
D.Mitchell	Beneficial	1,000	-	1,000	-
	Non-beneficial	101,255	-	60,000	-

## DETAILS OF DIRECTORS' INTERESTS

The Directors who served throughout the period are detailed in the Directors' Remuneration Report, and details of their interests in shares of the Company are listed above.

Any material related party transactions between the Directors and the Company are set out in the Notes to the Accounts.

Further information relating to the interests of the Directors regarding options on ordinary shares is given in the Directors' Remuneration Report.

Non-beneficial interests include shares held jointly as trustee with other Directors. M A J Cropper resigned as a Director of James Cropper EBT Ltd on 1 June 2015 and his non-beneficial interest reduced from 660,826 shares to 559,571 shares.

There have been no other material changes between the year end and 22 June 2015.

Approved by the Board of Directors on 22 June 2015 and were signed on its behalf by

M A J Cropper, Chairman. Burnside Mills. Kendal.

# OUR VALUES AND PRIDE AWARDS

## CONTINUOUS LEARNING



We are committed to developing our employees and the Company's aim is to provide training and development which enables all employees to perform their role competently and efficiently, thus supporting our business needs and growth plans.

By providing opportunities, facilities and in some cases, making available financial assistance, the Company aims to improve skills in the workplace, promote job satisfaction and encourage career development.

In addition to the above we also continue to offer several apprenticeships every year. In the last five years we have supported 20 apprentices across all areas of our business

from engineering to business administration, purchasing and sales and marketing. Twelve of this number have continued to be supported in higher education, progressing to degree or HND qualifications.

Our engineering apprentices have won several awards in recent years, in many cases outclassing apprentices from much larger companies. This year Liam Moffat won four awards at the annual T2000 Engineering Awards in Burnley, including First Year Off-the-job Apprentice of the Year award and accolades for fitting, behavioural safety and conventional machining. His colleague Brett Ashley also won an award for Fabrication and Welding.







# OUR VALUES AND PRIDE AWARDS

## SAFETY AT WORK

The health and safety of our staff and all those who visit our operations is always a top priority – nothing we do is worth getting hurt for.

The importance of this value transcends our numerous activities in this area, which are not only led by dedicated safety personnel but also across every level of our workforce. It is everyone’s responsibility - as communicated by the Safety Charter we launched this year.

The key measures of our safety performance are Lost Time Accidents (injuries which have prevented an employee returning to work the next day) and Reported Hazards.

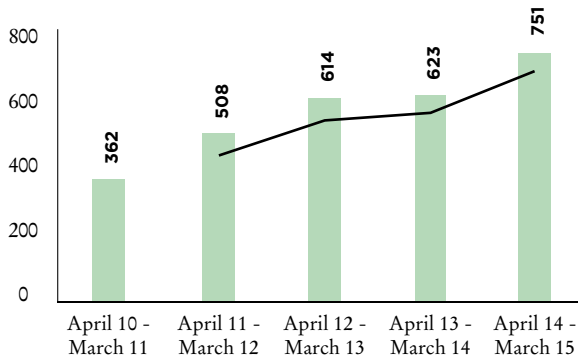
We encourage hazard reporting as it is a proactive way of preventing potential safety incidents ahead of time. Our target is zero lost time accidents.

The rationale is very clear: we simply do not accept that anyone can go home hurt to the extent they cannot return to work the next day.

Quality and compliance standards can integrate strongly with a safe work environment, TFP operate a F.O.D. (Foreign Object Debris) prevention programme in accordance with NAS 412 and are completing accreditation to AS9100.

In 2015 we were delighted to be awarded a Gold Award by the Royal Society for the Prevention of Accidents (RoSPA) in recognition of our safety work. This is the highest level of award presented by RoSPA and recognised consistent high standards in monitoring health and safety on site and maintaining a process of continual improvement.

## REPORTED HAZARDS



### PRIDE: SAFETY IMPROVEMENT PRIDE AWARD WINNER: LEE WILSON

(Machineman)



Lee has without question exceeded his duty in reporting potential hazards in production over the past year. He will report any unsafe condition and will not work with any faulty equipment. Most, if not all, of the hazards reported have been dealt with either at the time or via the Engineering Department. Lee is a true representative of the Company safety culture.



# DIRECTORS' REMUNERATION REPORT

## THIS REPORT DETAILS THE DIRECTORS REMUNERATION SERVICE CONTRACTS

The Chief Executive, the Group Finance Director, and the Chief Operating Officer are employed on rolling six month contracts. The Chairman and other Executive Directors are employed on rolling one year contracts.

Non-Executive Directors are employed on contracts of one month's notice by either side.

## SALARIES AND FEES

The remuneration and emoluments of Executive Directors and the Chairman are determined by the Remuneration Committee. The remuneration of the other Non-Executive Directors is agreed by the Group Board and they are not entitled to participate in pension schemes, bonus arrangements or share schemes. The basic salaries of the Directors are reviewed annually and take into consideration cost of living and overall accountability. Also considered is remuneration paid to senior executives in comparable public companies. This information is checked by reference to published surveys, but no formula is in place to determine any specific relationship.

The remuneration of senior management is discussed by the Chairman of the Remuneration Committee and the

Chief Executive and their recommendations endorsed by the Remuneration Committee.

No Director can take part in the decision on his own salary or reward.

## ANNUAL BONUS

The Group operates an Executive Bonus Scheme which is structured to reward the Executive Directors if targets are achieved on budgeted earnings, yearly earnings improvement, and year on year working capital control. The total bonus payable to a director is capped at 25% of their contractual salary and is not pensionable.

The Executive Directors are also eligible to participate in the Employee Group Bonus Scheme ('the Scheme') and any beneficial interest they hold in Company shares in the Scheme is included in their beneficial holding of shares in the Directors' Report.

## EMPLOYEE SHARE SCHEME

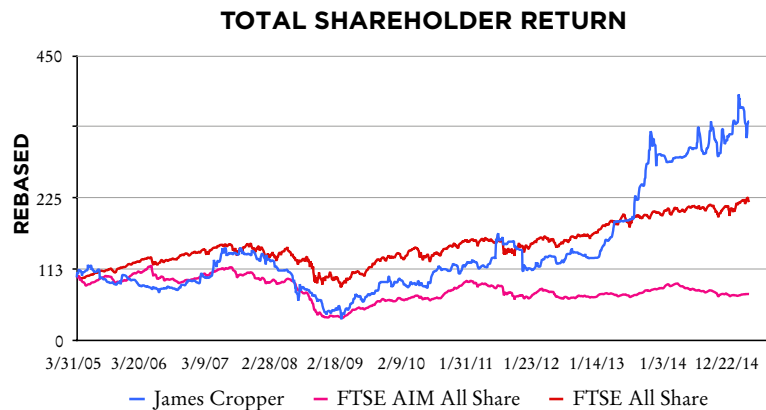
The Group operates a Long Term Incentive Plan (LTIP) Scheme for the Executive Directors, of which details of the options granted and awarded are shown later in this Report. Other senior management personnel are entitled to participate in the LTIP Scheme.

The Group also operates a Save as You Earn Scheme (SAYE) for employees, and details of the SAYE options currently held by Executive Directors are also shown later in this Report.

## COMPARISON OF FIVE YEAR CUMULATIVE TOTAL SHAREHOLDER RETURN (TSR)

To enable shareholders to assess the Company's performance against the London Stock Exchange, the cumulative TSR for the period ended 28 March 2015 is shown in the graph below.

The FTSE All Share is deemed to be the most appropriate comparison in terms of performance. TSR is the total return to shareholders in terms of capital growth and dividends reinvested.



## DETAILS OF DIRECTORS' REMUNERATION

The financial details within this report have been audited. The following table brings together the various elements of remuneration of each director for the financial year period ended 28 March 2015: -

	SALARY AND FEES		COMPENSATION FOR LOSS OF OFFICE BENEFITS				ANNUAL BONUS		PENSION COST		TOTAL	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>EXECUTIVE</b>												
M A J Cropper	72	65			10	7			3	2	85	74
P I Wild	170	166			55	36	20	14	11	11	256	227
J M Denman (retired July 2014)	34	98			7	20		5		30	41	153
N A Read (retired May 2014)	9	93	59		1	22		5	7	17	76	137
G T Quayle (retired July 2013)		32		125		3				28		188
I M Maddock (appointed July 2014)	67				12		8		4		91	
M Thompson	105	81			23	22	25	8	7	5	160	116
K D Watson	113	27			23	5	13	1	7	2	156	35
P J Willink	101	94			20	20	12	5	16	19	149	138
<b>NON-EXECUTIVE</b>												
J A Cropper (retired July 2013)		6										6
D Mitchell	25	26									25	26
J E Sharp	25	20									25	20
D R Wilks	27	23									27	23
	748	731	59	125	151	135	78	38	55	114	1,091	1,143
<b>HIGHEST PAID DIRECTOR</b>												
											<b>2015</b>	<b>2014</b>
											<b>£'000</b>	<b>£'000</b>
Aggregate emoluments											245	216
Pension cost											11	11

## DETAILS OF DIRECTORS' REMUNERATION

The Chief Executive and the Chairman are members of the Company's defined contribution scheme. Other Executive Directors are either members of the Company's defined benefit scheme or the Company's defined contribution scheme. Non-Executive Directors are not in any of the Company pension schemes.

The annual cost borne by the Company is shown above in the Directors' Remuneration table.



## LONG TERM INCENTIVE PLAN

Under the Plan, awards to acquire ordinary shares in the Company can be made to executive directors and employees of the Company and its subsidiaries selected by the Remuneration Committee.

Awards made during the financial year to 28 March 2015 under the Plan to executive directors were as follows:

	NUMBER AT 29 MARCH 2014	NUMBER GRANTED IN PERIOD	MID-MARKET PRICE (£) OF OPTIONS AWARDED	NUMBER EXERCISED IN PERIOD	OPTIONS LAPSED IN PERIOD	NUMBER AT 28 MARCH 2015
P I Wild	52,120	22,242	£3.828	-	-	74,362
M A J Cropper	4,673	6,022	£3.828	-	-	10,695
J M Denman*	39,601	-	-	-	39,601	-
N A Read*	39,029	-	-	-	39,029	-
P J Willink	38,978	7,868	£3.828	-	12,000	34,846
I M Maddock	1,808	7,868	£3.828	-	-	9,676
M Thompson	34,601	7,868	£3.828	-	10,000	32,469
K D Watson	2,252	8,832	£3.828	-	-	11,084

\* previous directors

The number of options that can be awarded to any participant in a financial year under the Plan, determined by reference to Company's 20 day average mid-market share price at the time of the award, is limited to a maximum of 50% of the participant's basic salary.

The LTIP awards are subject to the achievement of certain performance conditions, specific to each director, as set out below:

	EARNINGS PER SHARE CONDITIONS PERCENTAGE OF AWARD	EBITDA TARGETS CONDITIONS PERCENTAGE OF AWARD
P I Wild	60%	40%
M A J Cropper	60%	40%
P J Willink	100%	-
I M Maddock	100%	-
K D Watson	100%	-
M Thompson	100%	-

(i) Earnings per share conditions

Awards will vest in full on the third anniversary of the Award provided the growth in the Company's earnings per share, adjusted for IFRS pension adjustments, between the preceding financial year end when the award was granted and the preceding financial year end when the grant is vested exceed the increase in retail price index plus 10% per annum;

Awards will vest at 10% on the third anniversary of the Award if the growth in the Company's earnings per share, adjusted for IFRS pension adjustments, between the preceding financial year end when the award was granted and the preceding financial year end when the grant is vested exceed the increase in retail price index plus 2.5% per annum;

Awards will vest proportionally between 10% and 100% on the third anniversary of the Award if the growth in the Company's earnings per share, adjusted for IFRS adjustments, between the preceding financial year end when the award was granted and the preceding financial year end when the grant is vested exceed the increase in retail price index by more than 2.5% but less than 10% per annum; and

Awards will lapse on the third anniversary of the Award if the growth in the Company's earnings per share, adjusted for IFRS pension adjustments, between the preceding financial year end when the award was granted and the preceding financial year end when the grant is vested, does not exceed the increase in retail price plus 2.5% per annum.

(ii) EBITDA target conditions

Awards will vest in full on the third anniversary of the Award if the third year EBITDA target as set out in the Company's 3 Year Business Plan approved in the year that the award was granted has been met or exceeded;

Awards will vest at 30% on the third anniversary of the Award if at least 95% but less than 100% of the third year EBITDA target as set out in the Company's 3 Year Business Plan approved in the year that the award was granted has been met or exceeded;

Awards will vest at 20% on the third anniversary of the Award if a least 90% but less than 95% of the EBITDA target as set out in the Company's 3 Year Business Plan approved in the year that the award was granted has been met or exceeded; and

Awards will lapse on the third anniversary of the Award if less than 90% of the EBITDA target as set out in the Company's 3 Year Business Plan approved in the year that the award was granted has been achieved.

## SAYE OPTIONS

The details of the SAYE options that are open to the Executive Directors at 28th March 2015 are as follows:

DATE OF SAYE GRANT	01 SEPTEMBER 2013		01 SEPTEMBER 2013
Term of Option	3.25 years		5.25 years
Exercise price	£1.9952 per share		£1.9952 per share
Executive Director	No. of shares	No. of shares	Total Share Options available as at 28 March 2015
P I Wild	4,510	-	4,510
P J Willink	902	-	902
I M Maddock	-	4,360	4,360

On behalf of the Board.

### D R WILKS

Chairman of the Remuneration Committee  
22 June 2015



# **FINANCIAL STATEMENTS**

<b>58</b>	<b>INDEPENDENT AUDITOR'S REPORT</b>
<b>59</b>	<b>STATEMENT OF COMPREHENSIVE INCOME</b>
<b>60</b>	<b>STATEMENT OF FINANCIAL POSITION</b>
<b>61</b>	<b>STATEMENT OF CASH FLOWS</b>
<b>62</b>	<b>STATEMENT OF CHANGES IN EQUITY</b>
<b>64</b>	<b>NOTES TO THE FINANCIAL STATEMENTS</b>
<b>88</b>	<b>SHAREHOLDER INFORMATION</b>



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JAMES CROPPER PLC

We have audited the financial statements of James Cropper plc for the year ended 28 March 2015 set out on pages 59 to 87. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

### Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 44, 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](http://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 group's and of the parent company's affairs as at 28 March 2015 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

### Matters on which we are required to report by exception

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

- adequate accounting records have not been kept 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.

Michael Frankish

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants  
Edward VII Quay  
Navigation Way  
Preston  
PR2 2YF

22 June 2015

**JAMES CROPPER PLC**  
**GROUP STATEMENT OF COMPREHENSIVE INCOME**

	Note	52 week period to 28 March 2015 £'000	52 week period to 29 March 2014 £'000
<b>Continuing operations</b>			
Revenue	2	83,052	84,518
Other income		314	350
Changes in inventories of finished goods and work in progress		252	176
Raw materials and consumables used		(34,415)	(36,909)
Energy costs		(5,186)	(5,994)
Employee benefit costs	20	(22,607)	(21,149)
Depreciation and amortisation	4	(2,502)	(2,654)
Other expenses		(15,427)	(16,100)
<b>Operating profit</b>	<b>2</b>	<b>3,481</b>	<b>2,238</b>
Interest payable and similar charges	3	(906)	(927)
Interest receivable and similar income	3	-	2
<b>Profit before taxation</b>	<b>4</b>	<b>2,575</b>	<b>1,313</b>
Tax (expense)/income	5	(694)	58
<b>Profit for the period</b>		<b>1,881</b>	<b>1,371</b>
Earnings per share - basic	6	20.8p	15.4p
Earnings per share - diluted	6	20.1p	15.0p
<b>OTHER COMPREHENSIVE INCOME</b>			
Profit for the period		1,881	1,371
<b>Items that are or may be reclassified to profit or loss</b>			
Foreign currency translation		(47)	55
<b>Items that will never be reclassified to profit or loss</b>			
Retirement benefit liabilities – actuarial losses	17	(3,244)	(1,365)
Deferred tax on actuarial losses on retirement benefit liabilities	18	560	(53)
Deferred tax on share options	5	(225)	361
Income tax on other comprehensive income	5	214	67
Other comprehensive expense for the year		(2,742)	(935)
<b>Total comprehensive income for the period attributable to equity holders of the Company</b>		<b>(861)</b>	<b>436</b>

**JAMES CROPPER PLC****STATEMENT OF FINANCIAL POSITION**

	Note	Group as at 28 March 2015 £'000	Group as at 29 March 2014 £'000	Company as at 28 March 2015 £'000	Company as at 29 March 2014 £'000
<b>Assets</b>					
Intangible assets	8	297	480	184	325
Property, plant and equipment	9	21,707	21,294	1,703	2,121
Investments in subsidiary undertakings	10	-	-	7,350	7,350
Deferred tax assets	18	1,174	820	2,878	2,552
<b>Total non- current assets</b>		<b>23,178</b>	<b>22,594</b>	<b>12,115</b>	<b>12,348</b>
Inventories	11	13,089	13,300	-	-
Trade and other receivables	12	15,717	16,019	31,399	29,600
Cash and cash equivalents		2,721	692	1,903	257
Current tax assets		-	-	290	-
<b>Total current assets</b>		<b>31,527</b>	<b>30,011</b>	<b>33,592</b>	<b>29,857</b>
<b>Total assets</b>		<b>54,705</b>	<b>52,605</b>	<b>45,707</b>	<b>42,205</b>
<b>Liabilities</b>					
Trade and other payables	13	12,445	9,509	13,910	10,428
Other financial liabilities	14	-	11	-	11
Loans and borrowings	15	2,720	3,040	1,139	1,328
Current tax liabilities		130	202	-	6
<b>Total current liabilities</b>		<b>15,295</b>	<b>12,762</b>	<b>15,049</b>	<b>11,773</b>
Long-term borrowings	15	6,106	7,929	1,104	2,243
Retirement benefit liabilities	17	14,442	11,640	14,442	11,640
<b>Total non-current liabilities</b>		<b>20,548</b>	<b>19,569</b>	<b>15,546</b>	<b>13,883</b>
<b>Total liabilities</b>		<b>35,843</b>	<b>32,331</b>	<b>30,595</b>	<b>25,656</b>
<b>Equity</b>					
Share capital	19	2,292	2,243	2,292	2,243
Share premium		1,034	915	1,034	915
Translation reserve		264	311	-	-
Reserve for own shares		(269)	(102)	-	-
Retained earnings		15,541	16,907	11,786	13,391
<b>Total shareholders' equity</b>		<b>18,862</b>	<b>20,274</b>	<b>15,112</b>	<b>16,549</b>
<b>Total equity and liabilities</b>		<b>54,705</b>	<b>52,605</b>	<b>45,707</b>	<b>42,205</b>

The financial statements on pages 59 to 87 were approved by the Board of Directors on 22 June 2015 and were signed on its behalf by:

**MA J Cropper**  
Chairman

Company Registration No: 30226

**STATEMENT OF CASH FLOWS**

For the period ended 28 March 2015 (2014: for the period ended 29 March 2014)

	Group 2015 £'000	Group 2014 £'000	Company 2015 £'000	Company 2014 £'000
<b>Cash flows from operating activities</b>				
Net profit	1,881	1,371	1,643	1,791
<b>Adjustments for:</b>				
Tax	694	(58)	225	(37)
Depreciation and amortisation	2,502	2,654	237	375
Net IAS 19 pension adjustments within SCI	919	775	919	775
Past service pension deficit payments	(1,362)	(853)	(1,362)	(852)
Foreign exchange differences	41	109	71	69
(Profit)/loss on disposal of property, plant and equipment	(2)	27	6	-
Net bank interest income / (expense)	405	457	(1,171)	(1,263)
Share based payments	155	71	155	71
Dividends received from Subsidiary Companies	-	-	(2,800)	(2,000)
<b>Changes in working capital:</b>				
Decrease / (increase) in inventories	236	(1,462)	-	-
Decrease / (increase) in trade and other receivables	196	(1,143)	(4,132)	(1,388)
Increase / (decrease) in trade and other payables	3,043	1,228	3,726	(848)
Interest received	-	2	1,265	1,377
Interest paid	(414)	(462)	(103)	(118)
Tax paid	(448)	(346)	(448)	-
<b>Net cash generated from / (used by) operating activities</b>	<b>7,846</b>	<b>2,370</b>	<b>(1,769)</b>	<b>(2,048)</b>
<b>Cash flows from investing activities</b>				
Purchase of intangible assets	(136)	(336)	(136)	(309)
Purchases of property, plant and equipment	(2,483)	(2,622)	(81)	(267)
Proceeds from sale of property, plant and equipment	41	13	428	1,153
Dividends received	-	-	2,800	2,000
<b>Net cash (used in) / generated from investing activities</b>	<b>(2,578)</b>	<b>(2,945)</b>	<b>3,011</b>	<b>2,577</b>
<b>Cash flows from financing activities</b>				
Proceeds from issue of ordinary shares	168	127	168	127
Proceeds from issue of new loans	-	2,238	-	600
Repayment of borrowings	(2,497)	(2,502)	(1,328)	(1,448)
Issue of inter-company loans	-	-	2,333	-
Purchase of LTIP investments	(167)	-	-	-
Dividends paid to shareholders	(708)	(697)	(708)	(697)
<b>Net cash (used in) / generated from financing activities</b>	<b>(3,204)</b>	<b>(834)</b>	<b>465</b>	<b>(1,418)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>2,064</b>	<b>(1,409)</b>	<b>1,707</b>	<b>(889)</b>
Effect of exchange rate fluctuations on cash held	(35)	(148)	(61)	(63)
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>2,029</b>	<b>(1,557)</b>	<b>1,646</b>	<b>(952)</b>
Cash and cash equivalents at the start of the period	692	2,249	257	1,209
<b>Cash and cash equivalents at the end of the period</b>	<b>2,721</b>	<b>692</b>	<b>1,903</b>	<b>257</b>
<b>Cash and cash equivalents consists of:</b>				
Cash at bank and in hand	2,721	692	1,903	257



**STATEMENT OF CHANGES IN EQUITY**  
**GROUP**

All figures in £'000

	Share capital	Share premium	Translation reserve	Own Shares	Retained earnings	Total
30 March 2013	2,217	814	256	(102)	17,152	20,337
Profit for the period	-	-	-	-	1,371	1,371
Exchange differences	-	-	55	-	-	55
Actuarial gains on retirement benefit liabilities (net of deferred tax)	-	-	-	-	(1,418)	(1,418)
Tax on share options	-	-	-	-	361	361
Other comprehensive income tax	-	-	-	-	67	67
Total other comprehensive income	-	-	55	-	(990)	(935)
Dividends paid	-	-	-	-	(697)	(697)
Share based payment charge	-	-	-	-	71	71
Proceeds from issue of ordinary shares	26	101	-	-	-	127
Total contributions by and distributions to owners of the Group	26	101	-	-	(626)	(499)
<b>At 29 March 2014</b>	<b>2,243</b>	<b>915</b>	<b>311</b>	<b>(102)</b>	<b>16,907</b>	<b>20,274</b>
Profit for the period	-	-	-	-	1,881	1,881
Exchange differences	-	-	(47)	-	-	(47)
Actuarial gains on retirement benefit liabilities (net of deferred tax)	-	-	-	-	(2,684)	(2,684)
Tax on share options	-	-	-	-	(225)	(225)
Other comprehensive income tax	-	-	-	-	214	214
Total other comprehensive income	-	-	(47)	-	(2,695)	(2,742)
Dividends paid	-	-	-	-	(708)	(708)
Share based payment charge	-	-	-	-	156	156
Proceeds from issue of ordinary shares	49	119	-	-	-	168
Consideration paid for own shares	-	-	-	(167)	-	(167)
Total contributions by and distributions to owners of the Group	49	119	-	(167)	(552)	(551)
<b>At 28 March 2015</b>	<b>2,292</b>	<b>1,034</b>	<b>264</b>	<b>(269)</b>	<b>15,541</b>	<b>18,862</b>

**STATEMENT OF CHANGES IN EQUITY  
COMPANY**

All figures in £'000

	Share capital	Share premium	Retained earnings	Total
At 30 March 2013	2,217	814	13,215	16,246
Profit for the period	-	-	1,791	1,791
Actuarial gains on retirement benefit liabilities (net of deferred tax)	-	-	(1,418)	(1,418)
Tax on share options	-	-	361	361
Other comprehensive income tax	-	-	67	67
Total other comprehensive income	-	-	(990)	(990)
Dividends paid	-	-	(697)	(697)
Share based payment charge	-	-	71	71
Proceeds from issue of ordinary shares	26	101	-	127
Total contributions by and distributions to owners of the Group	26	101	(626)	(499)
<b>At 29 March 2014</b>	<b>2,243</b>	<b>915</b>	<b>13,391</b>	<b>16,549</b>
Profit for the period	-	-	1,643	1,643
Actuarial gains on retirement benefit liabilities (net of deferred tax)	-	-	(2,684)	(2,684)
Tax on share options	-	-	(225)	(225)
Other comprehensive income tax	-	-	214	214
Total other comprehensive income	-	-	(2,695)	(2,695)
Dividends paid	-	-	(708)	(708)
Share based payment charge	-	-	155	155
Proceeds from issue of ordinary shares	49	119	-	168
Total contributions by and distributions to owners of the Group	49	119	(553)	(385)
<b>At 28 March 2015</b>	<b>2,292</b>	<b>1,034</b>	<b>11,786</b>	<b>15,112</b>

## 1. ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### Basis of preparation

The accounting “year” for the Group is a 52 week period ending 28 March 2015, (2014: 52 week period ended 29 March 2014).

Throughout these notes, the following references apply:

The Statement of Comprehensive Income is referenced as “SCI”

The Statement of Financial Position is referenced as “SFP”

Both the parent company financial statements and the Group financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU (“Adopted IFRSs”).

On publishing the parent company financial statements here together with the Group financial statements, the Company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual Statement of Comprehensive Income and related notes that form a part of these approved financial statements.

### Use of estimates and judgements

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and judgements that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management’s best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

The following are the policies and accompanying notes are where the assumptions and judgements made by management could have an impact on the Group’s consolidated financial statements.

### Note 9 Property, plant and equipment

It is the Group’s policy to depreciate categories within property, plant and equipment on a straight line basis over their estimated useful lives. A key element of this policy is the estimate of the useful life applied to each category of asset which in turn determines the annual depreciation charge. Variations in asset lives could affect Group profit through an increase or decrease in the depreciation charge.

### Note 11 Inventories

In the course of normal trading activities management uses its judgement to establish the net realisable value of its stocks. Provisions are established for obsolete or slow moving stocks, based on past practice, current conditions and aged inventory facts available to management.

### Note 12 Trade receivables

In estimating the collectability of trade receivables judgement is required and the policies in regard to credit risk are further described in note 16.2.

### Note 17 Retirement benefits

Assumptions used in the calculation of the Group’s retirement liability have the biggest impact on these financial statements and are detailed in note 17.

### Impairment of assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes an estimate of recoverable amount. Where the carrying value of an asset exceeds its recoverable amount the asset is written down to its recoverable amount. Recoverable amount is the higher of fair value less costs to sell and value in use and is deemed for an individual asset. If the asset does not generate cash flows that are largely independent of those from other assets or groups of assets, the recoverable amount of the cash generating unit to which the asset belongs is determined. Discount rates reflecting the asset specific risks and the time value of money are used for the value in use calculation.

### Basis of consolidation

The financial statements of the Group consolidate the accounts of the company and those of its subsidiary undertakings. No subsidiaries are excluded from consolidation. The results and cash flows of subsidiary undertakings acquired are included from the effective date of acquisition. Intragroup balances and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

### Revenue recognition

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer. For the majority of customers this is when delivery has been made or specifically when title has passed, the point at which title passes varying in accordance with the terms and conditions of trade. Revenue is recognised when the amount of the revenue and related costs can be measured reliably and the collectability of the related receivables is reasonably assured.

Revenue is measured at the fair value of the amount received or receivable which is arrived at after deducting trade rebates, customer returns and value added tax. Shipping and handling costs, such as freight to our customers’ destination are included in cost of sales. These costs, when included in the sales price charged for our products are recognised in net sales.

### Operating segments

IFRS 8 Operating Segments has been adopted by the Group and requires that entities reflect the ‘management approach’ to reporting the financial performance of its operating segments. Management has determined the segments that are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, identified as the Executive Committee that makes strategic decisions. The committee considers the business principally via the three main operating segments. Operating segments are those components of the Group that are engaged in providing a group of related products that are subject to risks and returns that are different to other operating segments. Geographical areas are components where the eventual product destination is in a particular geographic environment which is subject to risks and returns that are different from other such areas. Costs

are allocated to segments based on the segment to which they relate. Central costs are recharged on an appropriate basis.

Management responsibility and reporting for the two paper subsidiaries has been merged into one operating segment referred to as Paper products in order to achieve greater customer and operational synergies.

#### Foreign currencies

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the Statement of Financial Position date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Statement of Comprehensive Income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

The assets and liabilities of foreign operations are translated at foreign exchange rates ruling at the Statement of Financial Position date. The revenues and expenses of foreign operations are translated at an average rate for the period where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Exchange differences arising from translation of foreign operations are taken directly to the translation reserve; they are released into the Statement of Comprehensive Income upon disposal.

The portion of gain or loss on foreign currency borrowings that are used to hedge a net investment in a foreign operation, that is determined to be an effective hedge, is included as a movement in the cumulative translation reserve. On subsequent disposal such gains or losses will form part of the profit/loss on disposal within the Statement of Comprehensive Income. Any ineffective portion is recognised immediately in the Statement of Comprehensive Income.

#### Research and development

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the IAS 38 conditions are met. Other development expenditures are recognised as an expense as incurred. Development costs with a finite useful life that have been capitalised are amortised from the commencement of the commercial production of the product on a straight-line basis over the period of its expected benefit, not exceeding 5 years.

#### Retirement benefits

The Group operates various pension schemes. The schemes are generally funded through payments to trustee-administered funds, determined by periodic actuarial valuations. The Group has both defined benefit and defined contribution plans. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement. A defined contribution plan is a pension plan under which the Group pays fixed contributions.

The liability recognised in the Statement of Financial Position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the Statement of Financial Position date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using interest

rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur outside of Statement of Comprehensive Income in the Statement of Changes in Equity.

Past service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

For defined contribution plans, the Group pays agreed contributions to the schemes. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due.

#### Share based payments

Options granted to employees are recognised as employee expenses based on fair value at grant date, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using an option valuation model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is due only to share prices not achieving the threshold for vesting.

The group has a wholly owned subsidiary EBT Limited, which is a trustee of an Employee Benefit Trust in favour of former, current and future employees of James Cropper plc and its subsidiaries. Its purpose is to acquire market shares in James Cropper plc, with the intention that these should be made available to such employees on such terms or basis as the trustee of the Employee Trust so decides, and includes the granting of awards under a long term incentive plan.

#### Intangible fixed assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairments losses, if any. The following useful lives have been determined for intangible assets.

Trade secrets such as processes or unique recipes	10 years
Computer software	3 - 10 years
Emission Allowances	0 - 1 year
<i>(refer to note below on Emissions trading scheme for policy)</i>	

#### Property plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is provided on all property, plant and equipment, other than freehold land, at rates calculated to write off the cost less residual value of each asset evenly over its expected useful life, as follows:

Freehold land and buildings	14 - 40 years
Plant and machinery	4 - 20 years

Residual values and useful lives are reviewed annually.



#### Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Engineering spares are included within inventories.

#### Emissions trading scheme

The Group's power generation facilities became subject to the European Union Emission Trading Scheme ("EUETS") as from 1 January 2008. The Group is permitted to emit an average of 16,000 tonnes of carbon dioxide per calendar year up to the year ended 31 Dec 2020. Credits for this quantum are issued to the Group free of charge by HM Government. The Group has adopted an accounting policy which recognises the emission allowances as an intangible asset and an associated liability. The intangible asset is valued at the market price on the date of issue. The liability is valued at the market price on the date of issue up to the level of allocated allowances held. Should emissions exceed the annual allowance any excess of liability above the level of the allowances held is valued at the market price ruling at the Statement of Financial Position date and charged against operating profit. Un-utilised allowances are maintained against a potential future shortfall. When allowances are utilised both the intangible asset and liability are amortised to the Statement of Comprehensive Income. After entering phase 3 of the EUETS annual emissions in a calendar year are expected to exceed allowances received and the impact is taken to the SCI under "Other expenses". At 28 March 2015 the intangible asset was valued at £59,000 (2014 £87,000) and the associated liability at £59,000 (2014 £73,000). The liability is categorised under current liabilities.

#### Grants

Capital grants are credited to a deferral account and released to income over the expected useful lives of the relevant assets. Grants of a revenue nature are credited to the Statement of Comprehensive Income in the period to which they relate.

#### Leasing

Leases are classified as finance leases at inception where substantially all of the risks and rewards of ownership are transferred to the Group. Assets classified as finance leases are capitalised on the Statement of Financial Position and are depreciated over the expected useful life of the asset. The interest element of the rental obligation is charged to the Statement of Comprehensive Income over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. Operating lease payments are charged to the Statement of Comprehensive Income in the appropriate period.

#### Taxation

Tax on the Statement of Comprehensive Income for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, according to the accounting treatment of the related transaction.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial

recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the Statement of Financial Position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

#### Research & development tax credit

Research and development expenditure credit (RDEC) is recognised within other operating income.

#### Financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at each Statement of Financial Position date. The resulting gain or loss on re-measurement is recognised in the Statement of Comprehensive Income, unless hedge accounting is applicable. There were no material balances at the year end.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except those with maturities greater than twelve months after the Statement of Financial Position date, which are classified as non-current assets. Loans and receivables are included within trade and other receivables in the Statement of Financial Position.

The fair value of financial instruments traded in active markets is based on quoted market prices at the Statement of Financial Position date.

#### Investments

Trade investments are stated at cost less any impairment in value.

The Group's share of the profit is included in the Statement of Comprehensive Income on the equity accounting basis.

#### Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown as borrowings within current liabilities on the Statement of Financial Position. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the Statement of Cash Flows.

#### Borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Comprehensive Income over the period of the borrowings using the effective interest method.

#### Interest

Interest is recognised in the Statement of Comprehensive Income on an accruals basis using the effective interest method.

#### Trade receivables

Trade receivables are recorded at their initial fair value after appropriate revision of impairment.

#### Trade payables

Trade payables are stated at their fair value.

#### Capital management

Group and Company's capital includes share capital, reserves and retained earnings. The Group and Company's policy is to maintain the ability to continue as a going concern, in order to provide returns to the shareholder and benefits to other stakeholders. The Group, and Company, invest in financial assets that will provide an adequate level of return to the shareholder commensurate with the level of risk.

The Group and Company manages the capital structure and adjusts this in light of the changes in the economic conditions and risk associated with the underlying assets. In order to maintain or adjust the capital structure, the Group and Company may adjust the amount of any dividend paid to the shareholder, return capital to the shareholder, issues new shares, or sell assets to reduce debt. Details of borrowings can be seen in note 15 and share holdings can be referred to in note 19. The Group, and Company, are not subject to any externally imposed capital requirements. There have been no material changes in the management of capital during the period.

#### Going concern

The directors have prepared the accounts for James Cropper plc on a going concern basis. See the Report of the Directors for the basis of the going concern assumption.

#### New standards and interpretation not applied

A number of new standards, amendments to standards and interpretations have been issued during the year ended 28 March 2015 but are not yet effective, and therefore have not yet been adopted by the Group.

IFRS 9 'Financial Instruments' is applicable from 2018. If endorsed, this standard will simplify the classification of financial assets for measurement purposes, but is not anticipated to have a significant impact on the financial statements.

IFRS 15 "Revenue from contracts with customers" is applicable from January 2017. This standard replaces IAS 11 "Construction Contracts", IAS 18 "Revenue", IFRIC 13 "Customer Loyalty Programmes", IFRIC 15 "Agreements for the Construction of Real Estate", IFRIC 18 "Transfer of Assets from Customers" and SIC-31 "Revenue – Barter Transactions Involving Advertising Services". It applies to contracts with customers but does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. It also does not apply if two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties. The standard introduces a new revenue recognition model that recognizes revenues either at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

Amendments to IAS 19 'Employee benefits' is applicable from February 2015. The amendments introduce a relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. When contributions are eligible for the practical expedient, a company is permitted (but not required) to recognise them as a reduction of the service cost in the period in which the related service is rendered. This is not anticipated to have a significant impact on the financial statements.

The Group continues to monitor the potential impact of other new standards and interpretations which may be endorsed by the European Union and require adoption by the Group in future reporting periods.

The Group does not consider that any other standards, amendments or interpretations issued by the IASB, but not yet applicable, will have a significant impact on the financial statements.

## 2. SEGMENTAL REPORTING

IFRS 8 Operating Segments - requires that entities adopt the 'management approach' to reporting the financial performance of its operating segments. Management has determined the segments that are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, identified as the Executive Committee that makes strategic decisions. The committee considers the business principally via the three main operating segments, principally based in the UK:

- **James Cropper Paper Products:** comprising:
  - **JC Speciality Papers** – relates to James Cropper Speciality Papers, a manufacturer of specialist paper and boards.
  - **JC Converting** – relates to James Cropper Converting, a converter of paper.
- **Technical Fibre Products** – a manufacturer of advanced materials.
- **Group Services** – comprises central functions providing services to the subsidiary companies.

"Eliminations" refers to the elimination of inter-segment revenues, profits and investments. "Trading Operating Profit before Interest" refers to profits prior to other income and expenditure and the IAS 19 pension adjustment. The "IAS 19 pension adjustment" refers to the impact on operating profits of the pension schemes' operating costs, as described in the IAS 19 section of the Financial Review. "Interest Expense" incorporates the IAS 19 pension impact of the pension schemes' finance costs, as described in the IAS 19 section of the Financial Review. The net IAS 19 pension adjustments to Operating profit and interest can be seen in the Summary of Results "Profit before tax" is consistent with that reported in the Statement of Comprehensive Income. Inter segment transactions are performed in the normal course of business and at arms length.

**2. SEGMENTAL REPORTING (CONTINUED)**

## Operating Segments

Period Ended 28 March 2015

	James Cropper Paper Products £'000	Technical Fibre Products £'000	Group Services £'000	Other £'000	Eliminations £'000	Continuing Operations £'000
<b>Revenue</b>						
- External	68,505	14,547	-	-	-	83,052
- Inter-segment	-	-	-	-	-	-
	68,505	14,547	-	-	-	83,052
<b>Segment Profit</b>						
Trading Operating Profit before Interest	2,419	2,719	(1,184)	-	(55)	3,899
IAS 19 Pension adjustments to profit	-	-	(418)	-	-	(418)
<b>Operating Profit</b>	<b>2,419</b>	<b>2,719</b>	<b>(1,602)</b>	<b>-</b>	<b>(55)</b>	<b>3,481</b>
Interest Expense						(906)
Interest Income						-
<b>Profit before tax</b>						<b>2,575</b>
Tax on profit for year						(694)
<b>Profit for the year</b>						<b>1,881</b>
<b>Total Assets</b>	<b>50,299</b>	<b>27,928</b>	<b>45,707</b>	<b>1,916</b>	<b>(71,145)</b>	<b>54,705</b>
<b>Total Liabilities</b>	<b>(40,533)</b>	<b>(26,076)</b>	<b>(30,595)</b>	<b>(269)</b>	<b>61,630</b>	<b>(35,843)</b>

Period Ended 29 March 2014

	James Cropper Paper Products £'000	Technical Fibre Products £'000	Group Services £'000	Other £'000	Eliminations £'000	Continuing Operations £'000
<b>Revenue</b>						
- External	71,471	13,047	-	-	-	84,518
- Inter-segment	-	-	-	-	-	-
	71,471	13,047	-	-	-	84,518
<b>Segment Profit</b>						
Trading Operating Profit before Interest	2,023	1,278	(734)	-	(22)	2,545
IAS 19 Pension adjustments to profit	-	-	(307)	-	-	(307)
<b>Operating Profit</b>	<b>2,023</b>	<b>1,278</b>	<b>(1,041)</b>	<b>-</b>	<b>(22)</b>	<b>2,238</b>
Interest Expense						(927)
Interest Income						2
<b>Profit before tax</b>						<b>1,313</b>
Tax on profit for year						58
<b>Profit for the year</b>						<b>1,371</b>
<b>Total Assets</b>	<b>48,068</b>	<b>23,801</b>	<b>42,204</b>	<b>1,749</b>	<b>(63,217)</b>	<b>52,605</b>
<b>Total Liabilities</b>	<b>(38,460)</b>	<b>(22,025)</b>	<b>(325,656)</b>	<b>(102)</b>	<b>53,912</b>	<b>(32,331)</b>

## 2. SEGMENTAL REPORTING (CONTINUED)

The Group's country of domicile is the UK. Revenue from external customers is based on the customer's location. Non - current assets are based on the location of the assets and exclude financial assets, deferred tax assets and post - employment benefit net assets.

	Revenues from external customers		Non – current assets	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
UK	44,083	42,652	19,689	19,619
Europe	15,016	16,943	-	-
Asia	7,193	6,939	1	-
The Americas	14,631	15,377	2,314	2,155
Australasia	1,595	2,214	-	-
Africa	534	393	-	-
<b>Total</b>	<b>83,052</b>	<b>84,518</b>	<b>22,004</b>	<b>21,774</b>

## 3. FINANCE COSTS

	2015 £'000	2014 £'000
<b>Interest expense</b>		
Interest payable on bank borrowings	229	249
Interest payable on finance leases	176	210
Expected return on pension scheme assets	(3,309)	(3,459)
Interest on pension scheme liabilities	3,810	3,927
<b>Total interest expense</b>	<b>906</b>	<b>927</b>
<b>Interest income</b>		
Interest receivable on bank borrowings	-	1
Other Interest received	-	1
<b>Total interest income</b>	<b>-</b>	<b>2</b>
<b>Finance costs – net</b>	<b>906</b>	<b>925</b>



#### 4. PROFIT BEFORE TAX

	2015	2014
	£'000	£'000
The following items have been charged / (credited) in arriving at profit before tax:		
Staff costs	22,607	21,149
Depreciation of property, plant and equipment		
- owned assets	1,926	1,994
- leased assets	395	400
- amortisation of intangibles	182	261
(Profit) / loss on disposal of fixed assets	(2)	27
Other operating lease rentals payable		
- plant & machinery	138	322
Repairs and maintenance expenditure on property, plant and equipment	3,757	4,024
Research & development tax credits	(128)	(119)
Government grants received	(136)	(188)
Research and development expenditure	1,281	1,194
Foreign exchange differences	17	367
Trade receivables impairment	11	17

Government grants relate to assistance received for research projects and the development of new technology

#### Services Provided by the Group's Auditor and network firms

During the year the group obtained the following services from the group's auditor at costs as detailed below:

	2015	2014
	£'000	£'000
<b>Audit Services</b>		
- Fees payable to the company's auditor for the audit of parent company and consolidated accounts	18	17
<b>Other services</b>		
- Remuneration payable to the company's auditor for the auditing of subsidiary accounts and associates of the company pursuant to legislation (including that of countries and territories outside Great Britain)	44	42
- Fees in respect of debt strategy assessment	25	-
- Fees in respect of risk assessment undertaken for TFP Ltd	-	75
- Fees in respect of other accountancy matters	11	9
- Fees in respect of other assurance services	-	2
- Tax advisory services	-	9
	<b>98</b>	<b>154</b>

**5. TAXATION****Analysis of charge in the period**

	Note	2015 £'000	2014 £'000
<b>Continuing operations</b>			
Current tax		714	570
Adjustments in respect of prior period current tax		(1)	(52)
<b>Total current tax</b>		<b>713</b>	<b>518</b>
Deferred tax		(47)	(161)
Adjustments in respect of prior period deferred tax		27	(135)
Effects of changes in tax rate		1	(280)
<b>Total deferred tax</b>	18	<b>(19)</b>	<b>(576)</b>
<b>Taxation</b>		<b>694</b>	<b>(58)</b>

**Tax on items charged to equity**

Deferred tax on actuarial gains on retirement benefit liabilities		560	(53)
Deferred tax on share options		(225)	361
Income tax charged to OCI		214	67

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

	2015 £'000	2014 £'000
Profit before tax	2,575	1,313
Profit on ordinary activities multiplied by rate of corporation tax in the UK of 21% (2014: 23%)	540	302
Effects of:		
Adjustments to tax in respect of prior period	26	(187)
Overseas tax	158	56
Expenses not deductible for tax purposes	15	71
Income not taxable	(46)	-
Rate change on deferred tax	-	(280)
Other	1	(20)
<b>Total tax charge / (credit) for the period</b>	<b>694</b>	<b>(58)</b>

## 6. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of shares outstanding during the year.

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Group has one class of dilutive potential ordinary shares - those share options granted to employees where the exercise price is less than the average market price of the company's ordinary shares during the year. Reconciliations of the earnings and weighted average number of shares used in the calculations are set out below.

	Earnings	Weighted average number of shares	2015 Per Share amount	Earnings	Weighted average number of shares	2014 Per Share amount
	£'000	'000	pence	£'000	'000	pence
<b>Basic EPS</b>						
Earnings attributable to ordinary shareholders	1,881	9,046	20.8	1,371	8,904	15.4
Effect of dilutive securities						
- Options	-	303	-	-	235	-
<b>Diluted EPS</b>	1,881	9,349	20.1	1,371	9,139	15.0

## 7. DIVIDENDS

	2015 £'000	2014 £'000
Final paid for the period ended 29 March 2014 / period ended 30 March 2013	508	501
Interim paid for the period ended 28 March 2015/period ended 29 March 2014	199	196
Final dividend payment paid pence per share for the period ended 29 March 2014 / period ended 30 March 2013	5.7	5.7
Interim dividend payment paid pence per share for the period ended 28 March 2015 / period ended 29 March 2014	2.2	2.2

In addition, the directors are proposing a final dividend in respect of the financial period ended 28 March 2015 of 6.3p per share (2014: 5.7p per share) which will absorb an estimated £571,000 (2014: £508,000) of shareholders' funds. If approved by members at the Annual General Meeting, it will be paid on 7 August 2015 to shareholders who are on the register of members at 10 July 2015. There are no tax implications in respect of this proposed dividend.

The proposed dividend is not accounted for until it is formally approved at the Annual General Meeting.

**8. INTANGIBLE ASSETS**

	<b>Group</b>				<b>Company</b>		
	Computer Software £'000	Trade Secrets £'000	Emission Allowances £'000	Total £'000	Computer Software £'000	Emission Allowances £'000	Total £'000
<b>Cost</b>							
At 29 March 2014	3,852	300	2,715	6,867	3,744	2,715	6,459
Additions - externally generated	20	-	206	226	20	206	226
Disposals	-	-	(39)	(39)	-	(39)	(39)
Effects of movements in foreign exchange	-	7	-	7	-	-	-
At 28 March 2015	3,872	307	2,882	7,061	3,764	2,882	6,646
<b>Aggregate amortisation</b>							
At 29 March 2014	3,534	225	2,628	6,387	3,506	2,628	6,134
Charge for Period	151	31	195	377	133	195	328
At 28 March 2015	3,685	256	2,823	6,764	3,639	2,823	6,462
<b>Net book value at 28 March 2015</b>	<b>187</b>	<b>51</b>	<b>59</b>	<b>297</b>	<b>125</b>	<b>59</b>	<b>184</b>
<b>Net book value at 29 March 2014</b>	<b>318</b>	<b>75</b>	<b>87</b>	<b>480</b>	<b>238</b>	<b>87</b>	<b>325</b>

	<b>Group</b>				<b>Company</b>		
	Computer Software £'000	Trade Secrets £'000	Emission Allowances £'000	Total £'000	Computer Software £'000	Emission Allowances £'000	Total £'000
<b>Cost</b>							
At 30 March 2013	3,714	308	2,400	6,422	3,584	2,400	5,984
Additions - externally generated	187	-	315	502	160	315	475
Disposals	(49)	-	-	(49)	-	-	-
Effects of movements in foreign exchange	-	(8)	-	(8)	-	-	-
At 29 March 2014	3,852	300	2,715	6,867	3,744	2,715	6,459
<b>Aggregate amortisation</b>							
At 30 March 2013	3,314	193	2,400	5,907	3,291	2,400	5,691
Charge for Period	229	32	228	489	215	228	443
Disposals	(9)	-	-	(9)	-	-	-
At 29 March 2014	3,534	225	2,628	6,387	3,506	2,628	6,134
<b>Net book value at 29 March 2014</b>	<b>318</b>	<b>75</b>	<b>87</b>	<b>480</b>	<b>238</b>	<b>87</b>	<b>325</b>
<b>Net book value at 30 March 2013</b>	<b>400</b>	<b>115</b>	<b>-</b>	<b>515</b>	<b>293</b>	<b>-</b>	<b>293</b>

The computer software capitalised principally relates to the ongoing development of the Group's Enterprise Resource Planning and Financial systems. There is a separate Enterprise Resource Planning system for the Technical Fibre Products Business segment and the remaining amortisation period of this asset at the period end is 6 years.

The trade secrets relate to certain recipes and know how acquired within the TFP division. The remaining amortisation period of the assets at the period end is 4 years.

The Emission Allowances relate to the allowances received through the European Emissions Trading Scheme (EUETS) and are valued at market value at the date of initial recognition. The allocated allowances are held throughout each compliance period and are used to meet the Group's emissions obligations.



**9. PROPERTY, PLANT AND EQUIPMENT**

Group	Freehold land & buildings £'000	Plant & machinery £'000	Total £'000
<b>Cost</b>			
Brought forward at 29 March 2014	11,085	75,892	86,977
Additions at cost	53	2,430	2,483
Disposals	-	(716)	(716)
Effects of movements in foreign exchange	-	251	251
At 28 March 2015	11,138	77,857	88,995
<b>Accumulated Depreciation</b>			
Brought forward at 29 March 2014	6,018	59,665	65,683
Charge for Period	267	2,054	2,321
Disposals	-	(716)	(716)
At 28 March 2015	6,285	61,003	67,288
<b>Net book value at 28 March 2015</b>	<b>4,853</b>	<b>16,854</b>	<b>21,707</b>
<b>Net book value at 29 March 2014</b>	<b>5,067</b>	<b>16,227</b>	<b>21,294</b>
	Freehold land & buildings £'000	Plant & machinery £'000	Total £'000
<b>Cost</b>			
Brought forward at 30 March 2013	10,842	73,827	84,669
Additions at cost	243	2,379	2,622
Disposals	-	(160)	(160)
Effects of movements in foreign exchange	-	(154)	(154)
At 29 March 2014	11,085	75,892	86,977
<b>Accumulated Depreciation</b>			
Brought forward at 30 March 2013	5,754	57,696	63,450
Charge for Period	264	2,129	2,393
Disposals	-	(160)	(160)
At 29 March 2014	6,018	59,665	65,683
<b>Net book value at 29 March 2014</b>	<b>5,067</b>	<b>16,227</b>	<b>21,294</b>
<b>Net book value at 30 March 2013</b>	<b>5,088</b>	<b>16,131</b>	<b>21,219</b>

Assets held under finance leases, capitalised and included in tangible fixed assets:

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
<b>B/f NBV</b>	5,828	6,801	811	2,049
<b>Additions in period</b>	-	573	-	-
<b>Reclassification to assets owned</b>	(402)	(1,146)	(402)	(1,146)
<b>Depreciation in period</b>	(395)	(400)	(36)	(92)
<b>Net book value</b>	<b>5,031</b>	<b>5,828</b>	<b>373</b>	<b>811</b>

**9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

Company	Freehold land & buildings £'000	Plant & machinery £'000	Total £'000
<b>Cost</b>			
Brought forward at 29 March 2014	1,610	2,675	4,285
Transfers	-	(473)	(473)
Additions at cost	53	28	81
Disposals	-	(245)	(245)
At 28 March 2015	1,663	1,985	3,648
<b>Accumulated Depreciation</b>			
Brought forward at 29 March 2014	360	1,804	2,164
Charge for Period	33	71	104
Transfers	-	(77)	(77)
Disposals	-	(246)	(246)
At 28 March 2015	393	1,552	1,945
<b>Net book value at 28 March 2015</b>	<b>1,270</b>	<b>433</b>	<b>1,703</b>
<b>Net book value at 29 March 2014</b>	<b>1,250</b>	<b>871</b>	<b>2,121</b>
	Freehold land & buildings £'000	Plant & machinery £'000	Total £'000
<b>Cost</b>			
Brought forward at 30 March 2013	1,367	4,336	5,703
Transfers	-	(1,685)	(1,685)
Additions at cost	243	24	267
At 29 March 2014	1,610	2,675	4,285
<b>Accumulated Depreciation</b>			
Brought forward at 30 March 2013	334	2,202	2,536
Charge for Period	26	134	160
Transfers	-	(532)	(532)
At 29 March 2014	360	1,804	2,164
<b>Net book value at 29 March 2014</b>	<b>1,250</b>	<b>871</b>	<b>2,121</b>
<b>Net book value at 30 March 2013</b>	<b>1,033</b>	<b>2,134</b>	<b>3,167</b>

**10. INVESTMENTS**

Investments in subsidiary undertakings:

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 28 March 2015 and 29 March 2014	-	-	7,350	7,350

Investments in subsidiary undertakings are stated at cost. A list of principal subsidiary undertakings is given below:

	<b>Country of incorporation</b>	<b>% holding (of ordinary shares)</b>	<b>Nature of business</b>
James Cropper Speciality Papers Limited	England	100	Manufacture of specialist paper and boards
James Cropper (Guangzhou) Trading Co Limited	China	100	Sales and marketing organisation
James Cropper Converting Limited	England	100	Paper converter
Technical Fibre Products Limited	England	100	Manufacture of advanced materials
Tech Fibers Inc	USA	100	Holding Company
Technical Fibre Products Inc	USA	100	Sales and marketing organisation
Metal Coated Fibers Inc	USA	100	Manufacturer of metal coated carbon fibres
Electro Fiber Technologies LLC	USA	100	Manufacturer of metal coated fibres
James Cropper EBT Limited	England	100	Trustee of an employee benefit trust
Melmore Limited	England	100	Dormant company
Papermilldirect.com Limited	England	100	Dormant company
The Paper Mill Shop Company Limited	England	100	Dormant company

**11. INVENTORIES**

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Materials	7,592	8,052
Work in progress	1,382	1,122
Finished goods	4,115	4,126
	<b>13,089</b>	<b>13,300</b>

Inventories are stated after a provision for impairment of £46,000 (2014: £96,000).

The cost of inventories recognised as expenses and included in cost of sales for the year ended 28 March 2015 was £67,292,000 (2014: £68,242,000). The Company does not have inventories.

**12. TRADE AND OTHER RECEIVABLES**

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Trade receivables	14,610	15,059	-	-
Less: Provision for impairment of receivables	(68)	(79)	-	-
Trade receivables - net	14,542	14,980	-	-
Amounts owed by group undertakings	-	-	30,704	29,004
Other receivables	262	77	262	77
Prepayments	913	962	433	519
	<b>15,717</b>	<b>16,019</b>	<b>31,399</b>	<b>29,600</b>

Management believe there is no further credit risk provision required in excess of normal provision for doubtful receivables.

**13. TRADE AND OTHER PAYABLES**

	Group		Company	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Trade payables	5,795	3,152	2,079	588
Amounts owed to group undertakings	-	-	10,355	8,851
Other tax and social security payable	458	428	116	95
Other payables	287	314	268	291
Accruals	5,905	5,615	1,092	603
	12,445	9,509	13,910	10,428

**14. OTHER FINANCIAL LIABILITIES**

	Group	
	2015	2014
	£'000	£'000
Interest rate swap	-	11

The Group uses an interest rate swap to hedge the risk associated with interest rate increases against a proportion of its existing borrowings.

The gain arising in the Income Statement on fair value hedging instruments was £11,000 (2014: £21,000).

**15. BORROWINGS**

	Note	Group		Company	
		2015	2014	2015	2014
		£'000	£'000	£'000	£'000
<b>Current</b>					
Bank loans and overdrafts due within one year or on demand:					
Unsecured bank loans		1,825	2,110	1,070	1,220
Secured finance lease		895	930	69	108
	16.3	2,720	3,040	1,139	1,328
Non-current loans:					
Unsecured bank loans		3,375	4,302	930	2,000
Secured finance lease		2,731	3,627	174	243
	16.3	6,106	7,929	1,104	2,243

Bank loans bear interest at rates between 1% and 4.5% above UK bank base rates.

The future minimum lease payments under finance leases held, together with the value of principal are as follows:

	Minimum	Interest	Principal	Minimum	Interest	Principal
	lease payments			lease payments		
	2015	2015	2015	2014	2014	2014
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Group</b>						
Within one year	1,027	132	895	1,106	176	930
Greater than one year and less than five years	2,919	188	2,731	3,477	314	3,163
Greater than 5 years	-	-	-	469	6	463
<b>Company</b>						
Within one year	84	15	69	128	20	108
Greater than one year and less than five years	189	15	174	273	30	243

## 16. FINANCIAL INSTRUMENTS AND RISK

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Currency risk
- Interest rate risk

This note presents information about the fair value of the Group's financial instruments, the Group's exposure to each of the risks noted and the Group's objectives, policies and processes for measuring and managing risk. The Board has overall responsibility of the risk management strategy and coordinates activity across the Group. This responsibility is discussed further in the Director's report.

Exposure to the financial risks noted, arise in the normal course of the Group's business.

### 16.1 CATEGORIES OF NON-DERIVATIVE FINANCIAL ASSETS AND LIABILITIES AND FAIR VALUES

The fair values of the financial assets and liabilities of the Group together with their book values are as follows:

Group	Note	Book Value	Fair Value	Book Value	Fair Value
		2015	2015	2014	2014
		£'000	£'000	£'000	£'000
<b>Financial assets</b>					
Bank loans and overdrafts due within one year or on demand:					
<b>Current</b>					
Trade receivables	12	14,610	14,542	15,059	14,980
Cash and cash equivalents		2,721	2,721	692	692
		17,331	17,263	15,751	15,672
<b>Financial liabilities</b>					
<b>Current</b>					
Trade payables	13	5,795	5,795	3,152	3,152
Short term borrowings	15	2,720	2,720	3,040	3,040
		8,515	8,515	6,192	6,192
<b>Non-current</b>					
Long term borrowings	15	6,106	6,106	7,929	7,929
<b>Company</b>					
Company	Note	Book Value	Fair Value	Book Value	Fair Value
		2015	2015	2015	2014
		£'000	£'000	£'000	£'000
<b>Financial assets</b>					
<b>Current</b>					
Cash and cash equivalents		1,903	1,903	257	257
		1,903	1,903	257	257
<b>Non-current</b>					
Investments in subsidiary undertakings	10	7,350	7,350	7,350	7,350
<b>Financial liabilities</b>					
<b>Current</b>					
Trade payables	13	2,079	2,079	588	588
Short term borrowings	15	1,139	1,139	1,328	1,328
		3,218	3,218	1,916	1,916
<b>Non-current</b>					
Long term borrowings	15	1,104	1,104	2,243	2,243

The fair values are stated at the reporting date and may be different from the amounts which will be actually paid or received on settlement of the instruments. The fair values are based on book values as the directors do not consider that there is a material difference between the book values and the fair values.



**16.2 CREDIT RISK**

Credit risk is the risk of financial loss to the Group if a customer or counterparty fails to meet its contractual obligations. Credit risk arising from the Group's normal commercial activities are controlled by individual business units operating in accordance with Group policies and procedures. Exposure to credit risk arises from the potential of a customer defaulting on their invoiced sales. Some of the Group's businesses have credit insurance in place. For un-insured customers, the financial strength and credit worthiness of the customer is assessed from a variety of internal and external information, and specific credit risk controls that match the risk profile of those customers are applied.

Trade receivables recorded by business held at the 28 March 2015 were:	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
JC Speciality Papers	9,452	10,355
JC Converting	2,117	2,192
Technical Fibre Products	2,973	2,433
	<b>14,542</b>	<b>14,980</b>

The Company does not have trade receivables.

The ageing of trade receivables at the reporting date was:	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Not past due	12,473	12,288
Past due 0-30 days	2,104	2,771
Past due 31 -60 days	33	-
	<b>14,610</b>	<b>15,059</b>
Less impairment	(68)	(79)
	<b>14,542</b>	<b>14,980</b>

At the end of each reporting period a review of the provision for bad and doubtful debts is performed. It is an assessment of the potential amount of trade debtors which will not be paid by customers after the balance sheet date. This amount is calculated by reference to the age, status and risk of each receivable.

**Provision for doubtful debts.**

<b>Group</b>	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Balance at start of period	79	200
Released during the period	(11)	(21)
Utilised during the period	-	(100)
Balance at end of period	<b>68</b>	<b>79</b>

Included in the outstanding trade receivables balance are debtors with an overdue amount of £2,069,000 (2014: £2,692,000) that the Group has not provided for. The directors believe that these amounts are still considered recoverable from customers for whom there is no recent history of default.

**16.3 LIQUIDITY RISK**

Liquidity risk is the risk that the Group will not have sufficient funds to meet liabilities. The Group's policy is to maintain a mix of short, medium and long term borrowings with a number of banks. Short term flexibility is achieved through overdraft facilities. In addition, it is the Group's policy to maintain undrawn committed borrowing facilities in order to provide flexibility in the management of liquidity.

**Current and non-current financial liabilities**

The maturity profile of the carrying amount of the current and non-current financial liabilities, at 28 March 2015, was as follows:

Group	2015			2014		
	Debt 2015 £'000	Finance lease obligations 2015 £'000	Total 2015 £'000	Debt 2014 £'000	Finance lease obligations 2014 £'000	Total 2014 £'000
In less than one year	1,825	895	2,720	2,110	930	3,040
In more than one year but not more than two years	755	843	1,598	1,191	894	2,085
In more than two years but not more than five years	2,618	1,888	4,506	3,101	2,268	5,369
In more than five years	2	-	2	10	465	475
	<b>5,200</b>	<b>3,626</b>	<b>8,826</b>	<b>6,412</b>	<b>4,557</b>	<b>10,969</b>

Company	2015			2014		
	Debt 2015 £'000	Finance lease obligations 2015 £'000	Total 2015 £'000	Debt 2014 £'000	Finance lease obligations 2014 £'000	Total 2014 £'000
In less than one year	1,070	69	1,139	1,220	108	1,328
In more than one year but not more than two years	620	74	694	1,220	243	1,463
In more than two years but not more than five years	310	100	410	780	-	780
In more than five years	-	-	-	-	-	-
	<b>2,000</b>	<b>243</b>	<b>2,243</b>	<b>3,220</b>	<b>351</b>	<b>3,571</b>

**Trade payables**

Trade payables at the reporting date was:

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Trade payables at the reporting date was	5,795	3,152	2,079	588
Total contractual cash flows	5,795	3,152	2,079	588

**Borrowing facilities**

The Group has the following undrawn committed borrowing facilities available at 28 March 2015:

	Group at 28 March 2015 Floating rate £'000	Group at 29 March 2014 Floating rate £'000
Expiring within one year (renewable annually)	4,658	4,084

The Group's expiry profile of the drawn down facilities is as follows:

	Group at 28 March 2015 £'000	Group at 29 March 2014 £'000	Company at 28 March 2015 £'000	Company at 29 March 2014 £'000
December 2014	-	769	-	-
September 2015	450	1,050	450	1,050
December 2015	621	-	-	-
June 2016	2,023	1,803	-	-
July 2016	-	569	-	-
August 2016	512	-	-	-
April 2017	800	1,200	800	1,200
March 2018	300	400	300	400
January 2019	450	570	450	570
August 2019	28	33	-	-
November 2019	16	18	-	-
	<b>5,200</b>	<b>6,412</b>	<b>2,000</b>	<b>3,220</b>

#### 16.4 CURRENCY RISK

The Group publishes its consolidated financial statements in sterling but also conducts business in foreign currencies. As a result it is subject to foreign currency exchange risk arising from exchange rate movements which will be reflected in the Group's transaction costs or in the underlying foreign currency assets of its foreign operations. The Group has operations in the US. The Group is exposed to foreign exchange risks primarily with respect to US Dollars and the Euro. Where possible, the Group maintains a policy of balancing sales and purchases denominated in foreign currencies. Where an imbalance remains, the group has also entered into certain forward exchange contracts. No material contracts were outstanding at the year end. The management of foreign currency is described in further detail in the Financial Review.

Represented below is the net exposure to foreign currencies, reported in pounds sterling, and arising from all Group activities, as at 28 March 2015.

	USD £'000	Euro £'000	RMB £'000	GBP £'000	Total £'000
Trade Receivables	3,727	2,257	-	8,558	14,542
Cash and cash equivalents	465	15	72	2,169	2,721
Trade Payables	(1,209)	(494)	-	(4,092)	(5,795)
Unsecured current loans	(747)	-	-	(1,078)	(1,825)
Finance lease current	-	-	-	(895)	(895)
Unsecured non-current loans	(2,409)	-	-	(965)	(3,374)
Finance lease non-current	-	-	-	(2,731)	(2,731)
<b>Net exposure</b>	<b>(173)</b>	<b>1,778</b>	<b>72</b>	<b>966</b>	<b>2,643</b>

At the 29 March 2014 the Group's exposure to foreign currency risk was as follows:

	USD £'000	Euro £'000	RMB £'000	GBP £'000	Total £'000
Trade Receivables	2,997	3,066	-	8,917	14,980
Cash and cash equivalents	763	5	119	(195)	692
Trade Payables	(475)	(358)	-	(2,319)	(3,152)
Unsecured current loans	(882)	-	-	(1,228)	(2,110)
Finance lease current	-	-	-	(930)	(930)
Unsecured non-current loans	(2,259)	-	-	(2,043)	(4,302)
Finance lease non-current	-	-	-	(3,626)	(3,626)
<b>Net exposure</b>	<b>144</b>	<b>2,713</b>	<b>119</b>	<b>(1,424)</b>	<b>1,552</b>

This represents the net exposure to foreign currencies, reported in pounds Sterling, and arising from all Group activities.

At the 28 March 2015 the Company's exposure to foreign currency risk was as follows:

	USD £'000	Euro £'000	GBP £'000	Total £'000
Cash and cash equivalents	2	5	1,896	1,903
Trade Payables	-	(3)	(2,076)	(2,079)
Unsecured current loans	-	-	(1,070)	(1,070)
Finance lease current	-	-	(69)	(69)
Unsecured non-current loans	-	-	(930)	(930)
Finance lease non-current	-	-	(174)	(174)
<b>Net exposure</b>	<b>2</b>	<b>2</b>	<b>(2,423)</b>	<b>(2,419)</b>

At the 29 March 2014 the Company's exposure to foreign currency risk was as follows:

	USD £'000	Euro £'000	GBP £'000	Total £'000
Cash and cash equivalents	481	3	(227)	257
Trade Payables	-	-	(588)	(588)
Unsecured current loans	-	-	(1,220)	(1,220)
Finance lease current	-	-	(108)	(108)
Unsecured non-current loans	-	-	(2,000)	(2,000)
Finance lease non-current	-	-	(243)	(243)
<b>Net exposure</b>	<b>481</b>	<b>3</b>	<b>(4,386)</b>	<b>(3,902)</b>

A one percent strengthening of the pound against the Euro and the US Dollar at 28 March 2015 would have had the following impact on equity and profit by the amounts shown below.

Group		Equity £'000	SCI £'000	Company		Equity £'000	SCI £'000
28 March 2015	USD	Nil	(25)	28 March 2015	USD	Nil	Nil
28 March 2015	Euro	(18)	(17)	28 March 2015	Euro	Nil	Nil
29 March 2014	USD	(1)	(25)	29 March 2014	USD	(5)	Nil
29 March 2014	Euro	(27)	(27)	29 March 2014	Euro	Nil	Nil

This sensitivity analysis is indicative only and it should be noted that the Group's exposure to such market rate changes is continually changing. The calculations assume all other variables, in particular interest rates, remain constant.

### 16.5 INTEREST RATE RISK

Interest rate risk derives from the Group's exposure to changes in value of an asset or liability or future cash flow through changes in interest rates. The group finances its operations through a mixture of retained profits and bank borrowings. The group borrows in the desired currencies at fixed or floating rates of interest. As part of the Group's interest rate management strategy the Company entered into an interest rate swap which matured in January 2015. The exposure is measured on variable rate debt and instruments.

The net exposure to interest rates at the Statement of Financial Position date can be summarised as follows:

	Group 2015 £'000	Group 2014 £'000	Company 2015 £'000	Company 2014 £'000
Interest bearing liabilities - floating				
Borrowings	5,157	6,360	2,000	3,220
Finance lease	2,327	2,809	-	-
	7,484	9,169	2,000	3,220
Interest bearing liabilities - fixed				
Borrowings	43	52	-	-
Finance lease	1,299	1,748	243	351
	1,342	1,800	243	351
<b>Interest bearing liabilities</b>	<b>8,826</b>	<b>10,969</b>	<b>2,243</b>	<b>3,571</b>

The effective interest rates at the balance sheet date were as follows:

	2015 %	2014 %
Bank overdraft	1.5	1.5
Borrowings	3.9	3.9

The sensitivity analysis below assumes a 100 basis point change in interest rates from their levels at the reporting date, with all other variables held constant. A 1% rise in interest rates would result in an additional £75,000 for the Group and £20,000 for the Company in interest expense being incurred per year. The impact of a decrease in rates would be an identical reduction in the annual charge.

	Group SCI £'000	Company SCI £'000
28 March 2015	75	20
29 March 2014	62	2

**17. RETIREMENT BENEFITS**

The Group operates a number of pension schemes. Two of these schemes, the James Cropper PLC Works Pension Plan (“Works Scheme”) and the James Cropper PLC Pension Scheme (“Staff Scheme”) are funded schemes of the defined benefit type. The Group also operates a defined contribution scheme and makes contributions to personal pension plans for its employees in the USA.

Pension costs for the defined contribution scheme and personal pension contributions are as follows:

Group	2015 £'000	2014 £'000
Defined contribution schemes	286	370
Personal Pension contributions	25	19

Other pension costs totalled £226,000 (2014: £359,000) and represent life assurance charges and government pension protection fund levies.

**Defined benefit plans**

As from 1 April 2011 active members’ benefits have been reduced such that future increases in pensionable salaries are restricted to RPI up to a maximum of 2% per annum. Thus the Staff and Works Schemes will remain defined benefit schemes but they will no longer be “final salary” schemes. The most recent actuarial valuations of the Staff Scheme and the Works Scheme have been updated to 28 March 2015 by qualified independent actuaries. The major assumptions used by the actuary for each scheme were as noted below. The expected return on plan assets is calculated by using a weighted average across each category of asset:

	Staff Scheme		Works Scheme	
	2015 %	2014 %	2015 %	2014 %
Inflation assumption	3.0	3.3	3.0	3.3
Rate of increase in pensionable salaries	2.0	2.0	2.0	2.0
Discount rate	3.3	4.5	3.3	4.5
Allowance for pension in payment increases of RPI or 5% p.a. if less (subject to minimum of 3% p.a)	3.4	3.5	3.4	3.5
Allowance for revaluation of deferred pensions of CPI or 5% p.a if less on the Staff scheme or RPI or 2.5% p.a. if less on the Works scheme	2.0	2.3	2.0	2.3

In respect of mortality for the Works members the assumptions adopted at 28 March 2015 are 145% of the standard tables S1PxA, with no age rating, projected using CMI\_2014 converging to 1.25%. For the Staff members the S1PxA tables with a 95% rating has been used with no age rating, projected using CMI\_2014 converging to 1.25%. The different tables and methods applied to each Scheme reflect the different characteristics of the members within these Schemes. The long-term expected rate of return on cash is determined by reference to bank base rates at the SFP dates. The long-term expected return on bonds is determined by reference to UK long dated government and corporate bond yields at the SFP date. The long-term expected rate of return on equities is based on the rate of return on bonds with an allowance for out-performance.

The amounts recognised in the Statement of Financial Position are determined as follows:

	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Present value of scheme liabilities	(106,788)	(85,482)	(85,112)	(78,005)	(69,593)
Fair value of plan assets	92,346	73,842	74,759	70,307	68,189
Net liability recognised in the SFP	(14,442)	(11,640)	(10,353)	(7,698)	(1,404)



Notes to the Financial Statements

The fair value of the plan assets comprises the following categories of asset in the stated proportions:

	Staff Scheme		Works Scheme	
	2015 %	2014 %	2015 %	2014 %
Equities	64	74	72	81
Bonds	-	-	-	-
Annuities	4	5	-	-
Cash	1	-	1	-
Corporate Bonds	-	-	-	-
Real Liability Strategy	9	-	4	-
Nominal Liability Strategy	22	21	23	19

The pension plan assets do not include any investments in the shares of the Company (2014: nil).

The amounts recognised in the Statement of Comprehensive Income are as follows:	2015 £'000	2014 £'000
Total included within employee benefit costs - current service cost	979	969
Expected return on plan assets	(3,309)	(3,459)
Interest on pension scheme liabilities	3,810	3,927
Total included within interest	501	468
<b>Total</b>	<b>1,480</b>	<b>1,437</b>

Analysis of the movement in the Statement of Financial Position liability:

	2015 £'000	2014 £'000
At B/f	(11,640)	(10,353)
Total expense as above	(1,480)	(1,437)
Contributions paid	1,922	1,515
Actuarial losses recognised in SCI	(3,244)	(1,365)
<b>At 28 March 2015</b>	<b>(14,442)</b>	<b>(11,640)</b>

The actual return on plan assets was £18,900,000 (2014: £371,000 deficit). The Company expects to pay £928,000 (2014: £667,000) in contributions to the Staff Scheme and £1,137,000 (2014: £950,000) in contributions to the Works Scheme in the next financial period.

The cumulative amount of losses recognised in the Statement of Comprehensive Income, since the adoption of IAS 19, are £15,243,000 (2014: £11,999,000).

	Works Scheme		Staff Scheme		Works Scheme		Staff Scheme	
	2015 Assets	2015 DBO	2015 Assets	2015 DBO	2014 Assets	2014 DBO	2014 Assets	2014 DBO
B/f	37,604	(46,018)	36,238	(39,464)	37,548	(45,027)	37,211	(40,085)
Expected return on assets	1,686	-	1,623	-	1,744	-	1,715	-
Current service costs	-	(568)	-	(411)	-	(527)	-	(442)
Benefits paid	(1,407)	1,407	(1,397)	1,397	(1,159)	1,159	(1,392)	1,392
Contributions by plan participants	317	(317)	168	(168)	305	(305)	185	(185)
Employer contributions	1,044	-	879	-	784	-	731	-
Interest cost	-	(2,053)	-	(1,757)	-	(2,086)	-	(1,841)
Actuarial (losses)/gains	7,831	(10,894)	7,760	(7,942)	(1,618)	768	(2,212)	1,697
<b>At 28 March 2015 / 29 March 2014</b>	<b>47,075</b>	<b>(58,443)</b>	<b>45,271</b>	<b>(48,345)</b>	<b>37,604</b>	<b>(46,018)</b>	<b>36,238</b>	<b>(39,464)</b>

Experience adjustments	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Arising on plan assets	15,591	(3,830)	1,855	(1,759)	112
Percentage of scheme assets	16.88%	(5.19%)	2.48%	(2.50%)	0.20%
Arising on plan liabilities	(18,836)	2,621	(143)	-	2,717
Percentage of scheme liabilities	(17.64%)	3.07%	(0.17%)	-	3.90%

**18. DEFERRED TAXATION**

The movement on the deferred tax account is shown below:

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
At 29 March 2014	820	(64)	2,552	2,007
Deferred tax on actuarial gains on retirement liabilities	560	(53)	560	(53)
Deferred tax on share options recognised in OCI	(225)	361	(60)	361
SCI credit / (charge)	19	576	(174)	237
<b>At 28 March 2015</b>	<b>1,174</b>	<b>820</b>	<b>2,878</b>	<b>2,552</b>

Deferred tax assets have been recognised in respect of all temporary differences giving rise to deferred tax assets because it is probable that these assets will be recovered. No deferred tax is recognised on the un-remitted earnings of overseas subsidiaries. Based on the combined distributable reserves in the US Companies of £2,268,000 (2014: £1,257,000), tax at 21% of £476,000 could be receivable, before any application for double tax relief, which could be expected to reduce the UK liability to nil.

Deferred tax liabilities	Accelerated capital allowances £'000	Other £'000	Total £'000
At 29 March 2014	(2,317)	809	(1,508)
SCI credit	384	(365)	19
Deferred tax on share options recognised in OCI	-	(225)	(225)
<b>At 28 March 2015</b>	<b>(1,933)</b>	<b>219</b>	<b>(1,714)</b>

Deferred tax assets	Pension £'000	Total £'000
At 29 March 2014	2,328	2,328
Deferred tax on actuarial gains on retirement liabilities	560	560
At 28 March 2015	2,888	2,888
		<b>Total £'000</b>
Net deferred tax asset		1,174

**19. CALLED UP EQUITY SHARE CAPITAL****Group and Company**

	2015 £'000	2014 £'000
<b>Authorised</b>		
10,000,000 (2014:10,000,000) ordinary shares of 25p each	2,500	2,500

Issued and fully paid	Number of ordinary shares	£'000
At 29 March 2014	8,971,150	2,243
Issued during the period	195,616	49
<b>At 28 March 2015</b>	<b>9,166,766</b>	<b>2,292</b>

**Potential issue of ordinary shares**

Under the Group's long-term incentive plan for executive directors and senior executives, such individuals hold rights over ordinary shares that may result in the issue of up to 173,999 25p ordinary shares by 2018 (2014: 213,062 25p ordinary shares by 2016). There were no share options exercised in the period (2014: none were exercised). Further information on directors share options can be seen in the Directors Remuneration Report.

The Save As You Earn (SAYE) schemes were introduced in August 2009, September 2010 and September 2013 and run for either a three or five year period. Options were valued using a Black-Scholes option pricing model. The fair value per option and assumptions used in the calculation are as follows:

	Aug '09 5 year scheme	Sept '10 5 year scheme	Sept '13 3 year scheme	Sept '13 5 year scheme
Fair value per option	23p	46p	57p	71p
Date of grant	18 August 2009	30 September 2010	1 September 2013	1 September 2013
Exercise Price	85p	130p	199.52p	199.52p
Market Price at date of grant	112p	163p	313.5p	313.5p
Volatility	27%	35%	26%	26%
Net dividend yield	6%	4%	3%	2%
Term of option	5.25 years	5.25 years	3.25 years	5.25 years
Risk free rate of interest	2.8%	1.6%	0.8%	1.5%

During the period 195,616 options were exercised (2014: 104,803 options were exercised).

## 20. EMPLOYEES AND DIRECTORS

Staff costs during the period	Note	Group		Company	
		2015 £'000	2014 £'000	2015 £'000	2014 £'000
Wages and salaries		19,403	17,806	3,322	2,208
Social Security costs		1,688	1,625	271	234
Pension costs	17	1,516	1,718	451	547
		<b>22,607</b>	<b>21,149</b>	<b>4,044</b>	<b>2,989</b>

The average monthly number of people (including executive directors) employed in the Group during the year, analysed by division was as follows:

	2015 Number	2014 Number
James Cropper Paper Products	359	362
Technical Fibre Products	92	91
James Cropper plc	75	65
	<b>526</b>	<b>518</b>

## 21. COMMITMENTS UNDER OPERATING LEASES

Group	2015	2015	2014	2014
	Property £'000	Plant & Machinery £'000	Property £'000	Plant & Machinery £'000
<b>Commitments under non-cancellable operating leases expiring:</b>				
Within one year	26	-	33	-
Later than one year and less than five years	391	501	45	505
After five years	1,185	-	1,199	-
	<b>1,602</b>	<b>501</b>	<b>1,277</b>	<b>505</b>

**21. COMMITMENTS UNDER OPERATING LEASES (CONTINUED)**

Company	2015 Property £'000	2015 Plant & Machinery £'000	2014 Property £'000	2014 Plant & Machinery £'000
<b>Commitments under non-cancellable operating leases expiring:</b>				
Within one year	-	-	24	-
Later than one year and less than five years	391	501	-	505
	391	501	24	505

**22. CAPITAL COMMITMENTS**

	2015 £'000	Group 2014 £'000	2015 £'000	Company 2014 £'000
Contracts placed for future capital expenditure not provided in the financial statements.	1,791	90	33	53

**23. CONTINGENT LIABILITIES**

There were no contingent liabilities at the period end for the group. The Company is included in a cross guarantee between itself and its subsidiaries.

**24. RELATED PARTY TRANSACTIONS****Group**

The Group has taken advantage of the exemption not to disclose intra-group transactions that are eliminated on consolidation.

**Company**

The Company pays £40,000 (2014: £38,750) annually to Sir James Cropper for the use of reservoirs to supply water to the factory premises. The contract is based on a twenty year repairing lease with rent reviews every five years. The rent is negotiated through independent advisers representing each party. The Company paid £45,550 (2014: £76,231) to Ellergreen Hydro, a company in which M A J Cropper is Managing Director, in the period for a maintenance project. The Company paid £23,909 (2014: £12,736) to Ellergreen Estate (trading name of the J A Cropper (1989) Settlement), a trust of which M A J Cropper is a beneficiary, for imports of electricity from the hydro-electric plant owned and operated by the Trust.

The Company also has the following transactions with related entities:

2015	Management charges £'000	Receivable £'000	Loans and net /intercompany funding £'000
James Cropper Speciality Papers Limited	4,309	1,746	8,071
James Cropper Converting Limited	763	467	8,997
Technical Fibre Products Limited	896	325	474
James Cropper EBT Limited	-	-	269
	5,968	2,538	17,811
2014	Management charges £'000	Receivable £'000	Loans and net /intercompany funding £'000
James Cropper Speciality Papers Limited	3,927	2,048	13,495
James Cropper Converting Limited	720	139	7,665
Technical Fibre Products Limited	904	385	(3,199)
Tech Fibers Inc	-	-	(481)
James Cropper EBT Limited	-	-	101
	5,551	2,572	17,581

## 2014 - 2015 SHAREHOLDER INFORMATION

### Reporting

Interim Results announced and sent to:

Ordinary Shareholders 11 November 2014

Final results announced 23 June 2015

Annual Report issued by 7 July 2015

Annual General Meeting - at Bryce Institute, Burneside, Kendal, Wednesday 29 July 2015 at 11.00am.

### Dividends on Ordinary Shares

Interim dividend paid on 9 January 2015 to Ordinary Shareholders registered on 12 December 2014.

Final dividend to be paid on 7 August 2015 to Ordinary Shareholders registered on 10 July 2015.

---

### Bankers and Advisers

James Cropper plc

#### Bankers

Svenska Handelsbanken AB (publ)  
Barclays Bank plc  
HSBC Bank plc

Burneside Mills  
Kendal, Cumbria LA9 6PZ

Telephone. +44 (0)1539 722002  
Fax. +44 (0)1539 720001  
Email. info@cropper.com

#### Independent Auditor

KPMG LLP, Preston

www.cropper.com

#### Tax Advisers

PriceWaterhouseCoopers LLP, Newcastle upon Tyne

Company Registration No: 30226

#### NOMAD & Stockbrokers

Westhouse Securities Limited, London

#### Corporate Lawyers

Bond Dickinson, Newcastle upon Tyne

#### Registrars

Capita Asset Services, Beckenham

#### Pension Adviser

Towers Watson, Manchester

---

### Annual Report Production

All the paper used in this report has been made in England by James Cropper PLC.

#### Duplex Cover

Kirkbie Green with Cambric texture  
Dyers Broom with Elation feltmark, 540gsm

#### Strategic Report

Paper from G . F Smith  
Zen, Pure White, 120gsm

#### Governance

Dyers Broom, 135gsm

#### Financial Statements

Vanguard Jade, 120gsm

#### Design

Plain Creative Ltd

#### Photography

Pantling Studio  
James Cropper Archives  
Steven Barber Photography

#### Print

Dixons Printing Company Ltd



