

Evidence of signing
19/4/16

Financial Statements
Electrosteel Castings (UK)
Limited

For the Year Ended 31 March 2016

Registered number: 04057880

Electrosteel Castings (UK) Limited
Registered number:04057880

Company Information

Directors	Mr M K Jalan Mr P Lohia Mr S Bailie
Registered number	04057880
Registered office	Ambrose Yard Broombank Road Trading Estate Broombank Road Chesterfield Derbyshire S41 9QL
Independent auditor	Grant Thornton UK LLP Statutory Auditor 2 Broadfield Court Sheffield South Yorkshire S8 0XF
Bankers	Barclays Bank Plc 121 Norfolk Street Sheffield South Yorkshire S1 2JW
Solicitors	Irwin Mitchell LLP 2 Wellington Place Leeds West Yorkshire LS14BZ

Electrosteel Castings (UK) Limited
Registered number:04057880

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Strategic Report

For the Year Ended 31 March 2016

Introduction

The company's main activity is the distribution of ductile iron pipework and accessories.

The business continues to concentrate the majority of its activities in the UK whilst retaining some long term relationships with a small number of European clients.

Business review and future developments

We continue to generate the majority of our sales and profits via our involvement in the supply of our Ductile Iron Pipes and Fittings into the UK Water and Waste Water Industry.

The majority of our sales are secured under long term (varying from 3 -12 years) Framework Contracts, which are negotiated directly with the Water and Sewage Companies (WASC) or Water only Companies (WOC) and governed by the European Public Contracts Directive.

7.66% of sales were generated via contracts in Europe. These contracts remain in place for 16/17 and sales for the year are expected to be similar.

The risks and opportunities for the business lie in existing long term Framework Contracts coming up for renewal, and Frameworks not currently held coming out for negotiation. However, this is very much mitigated for 16/17 as the vast majority of Utility Framework negotiations were completed during 15/16.

Our sales predictions for 16/17 show an increase as we move into the busier period of the UK water industry regulated (OFWAT) spending cycle, with further increases expected into 17/18.

Overheads and cost of sales remain under tight control by way of a rigorous suite of KPI's, and our IMPROVEMENT initiative continues to provide the platform for the whole team (UK and India) to come up with the ideas we use to improve how efficiently and effectively we run our business.

Having secured long term Frameworks the key future development for us all, is to deliver continued improvements in world class service to our customers in the most effective and efficient way possible.

Principal risks and uncertainties

Continued global competition and a global over capacity compared to current demand pressurises price levels, but we seek to mitigate this by way of the long term Framework Contracts and differentiating ourselves through the service our people provide to our customers.

Financial risk management objectives and policies

The company uses financial instruments, other than derivatives, third party borrowings, inter-company borrowings, cash and other liquid resources and various other items such as trade debtors and creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations. The main risks arising from the company financial instruments are interest rate risk, liquidity risk, credit risk and foreign currency risk. The directors review and agree policies for managing each of these risks and they are summarised below, The policies have remained unchanged from previous periods.

Interest rate risk

The company finances its operations through a mixture of retained profits, third party borrowings and inter-company borrowings. The company's exposure to interest rate fluctuations on its borrowings is managed on a group basis by the use of both fixed and floating facilities.

Strategic report (continued)

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Primarily this is achieved through inter-company accounts and bank loans and overdraft facilities and similar financing.

Credit risk

The company's principal financial assets are cash and trade debtors. The credit risk associated with cash is limited as the counterparties have high credit ratings assigned by international credit-rating agencies. The principal credit risk arises therefore from the company's trade debtors. In order to manage credit risk management set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by management on a regular basis in conjunction with debt ageing and collection history.

Foreign currency risk

The company is exposed to transaction and translation foreign exchange risk. At this time no formal hedging of any foreign exchange risk is undertaken in the UK, but this position is reviewed on a regular basis.

Financial and non financial key performance indicators

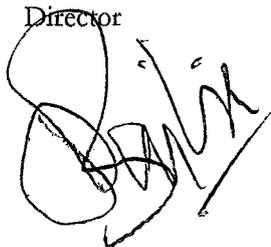
Key performance indicators used to monitor the company performance in the years as follow:

	2016	2015
	%	%
Production labour/ roduction turnover	10.34	10.84
Production overheads/ turnover	7.43	7.58
General overheads	8.78	8.37

This report was approved by the board on 19 April 2016 and signed on its behalf.

Mr S Bailie

Director



Directors' Report

For the Year Ended 31 March 2016

The directors present their report and the financial statements for the year ended 31 March 2016.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under Company law the directors must not approve the financial statements unless satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

Going concern

The company uses liquid resources and working capital balances that arise directly from its operations. The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs. Liquidity is monitored regularly by reference to forecasts and available facilities.

The company has committed funding arrangements from its bank and has the support of its parent company together with good relationships with its customers and suppliers. As a result of the above and having reviewed forecasts to May 2017, the directors do not believe that there are any material uncertainties which cast significant doubt on the ability of the company to continue as a going concern.

Results and dividends

The profit for the year, after taxation, amounted to £89,000 (2015 - £356,000).

Directors

The directors who served during the year were:

Mr M K Jalan
Mr P Lohia
Mr S Bailie

Directors' Report

For the Year Ended 31 March 2016

Disclosure of information to auditor

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

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

Post balance sheet events

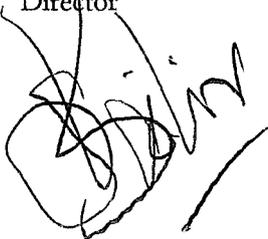
There have been no significant events affecting the company since the year end.

Auditors

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 19 April 2016 and signed on its behalf.

Mr S Bailie
Director

A handwritten signature in black ink, appearing to be 'S Bailie', written over a circular stamp or seal.



Independent Auditor's Report to the Shareholders of Electrosteel Castings (UK) Limited

We have audited the financial statements of Electrosteel Castings (UK) Limited for the year ended 31 March 2016, which comprise the Statement of Income and Retained Earnings, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial reporting standard 102 'The Financial reporting standard applicable in the UK and Republic of Ireland'.

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.



Independent Auditor's Report to the Shareholders of Electrosteel Castings (UK) Limited

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

A handwritten signature in black ink, appearing to read "P. Edwards".

Peter Edwards (Senior Statutory Auditor)
for and on behalf of

Grant Thornton UK LLP
Statutory Auditor
Sheffield

19 April 2016

Statement of Income and Retained Earnings

For the Year Ended 31 March 2016

	Note	2016 £000	2015 £000
Turnover		14,588	15,948
Cost of sales		(11,710)	(12,435)
Gross profit		2,878	3,513
Distribution costs		(996)	(1,143)
Administrative expenses		(1,581)	(1,800)
Other operating income		-	1
Operating profit		301	571
Interest payable and expenses	8	(177)	(158)
Profit before tax		124	413
Tax on profit	9	(35)	(57)
Profit after tax		89	356
Retained earnings at the beginning of the year		(241)	(597)
Profit for the year		89	356
Retained earnings at the end of the year		(152)	(241)

The notes on pages 9 to 23 form part of these financial statements.

All activities are classed as continuing activities.

Balance Sheet

As at 31 March 2016

	Note	2016 £000	2015 £000
Fixed assets			
Tangible assets	10	<u>177</u>	<u>202</u>
		177	202
Current assets			
Stocks	11	8,539	8,155
Debtors: amounts falling due within one year	12	4,188	3,416
Cash at bank and in hand	13	<u>560</u>	<u>436</u>
		13,287	12,007
Creditors: amounts falling due within one year	14	<u>(12,516)</u>	<u>(11,350)</u>
Net current assets		<u>771</u>	<u>657</u>
Total assets less current liabilities		<u>948</u>	<u>859</u>
Net assets		<u>948</u>	<u>859</u>
Capital and reserves			
Called up share capital	18	1,100	1,100
Profit and loss account	17	<u>(152)</u>	<u>(241)</u>
		<u>948</u>	<u>859</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 19 April 2016.

Mr S Bailie
 Director



The notes on pages 9 to 23 form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 31 March 2016

1. Accounting policies

1.1 General information

Electrosteel Castings (UK) Limited is a private company limited by shares and is incorporated in England and Wales, registration number 04057880. The registered office is Ambrose Yard, Broombank Road Trading Estate, Chesterfield, S41 9QL.

The company is principally engaged in the supply of ductile iron pipes, fittings and ancillaries into the UK water and waste water industry.

1.2 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 24.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 2).

The following principal accounting policies have been applied:

1.3 Going concern

The company uses liquid resources and working capital balances that arise directly from its operations. The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs. Liquidity is monitored regularly by reference to forecasts and available facilities.

The company has committed funding arrangements from its bank and has the support of its parent company together with good relationships with its customers and suppliers. As a result of the above and having reviewed forecasts to May 2017, the directors do not believe that there are any material uncertainties which cast significant doubt on the ability of the company to continue as a going concern.

1.4 Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the company's shareholders.

The company has taken advantage of the following exemptions:

- (i) from preparing a cash flow statement, on the basis that it is a qualifying entity and the consolidated statement of cashflows, included in the Group financial statements, includes the company's cash flows;
- (ii) from disclosing the company's key management personnel compensation, as required by FRS 102 paragraph 33.7.

Notes to the Financial Statements

For the Year Ended 31 March 2016

1. Accounting policies (continued)

1.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Depreciation is provided on the following bases:

Freehold property	-	10%
Plant & machinery and fixtures & fittings	-	15% to 35%
Computer equipment	-	20% to 33%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Statement of Income and Retained Earnings.

Notes to the Financial Statements

For the Year Ended 31 March 2016

1. Accounting policies (continued)

1.7 Operating leases: Lessee

Rentals paid under operating leases are charged to the statement of income and retained earnings on a straight line basis over the period of the lease.

1.8 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

1.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Notes to the Financial Statements

For the Year Ended 31 March 2016

1. Accounting policies (continued)

1.11 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and Loss Account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.12 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Notes to the Financial Statements

For the Year Ended 31 March 2016

1. Accounting policies (continued)

1.13 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of income and retained earnings except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of income and retained earnings within 'finance income or costs'. All other foreign exchange gains and losses are presented in the statement of income and retained earnings within 'other operating income'.

1.14 Finance costs

Finance costs are charged to the statement of income and retained earnings over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

1.15 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payments obligations.

The contributions are recognised as an expense in the statement of income and retained earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

1.16 Borrowing costs

All borrowing costs are recognised in the statement of income and retained earnings in the year in which they are incurred.

Notes to the Financial Statements

For the Year Ended 31 March 2016

1. Accounting policies (continued)

1.17 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss Account, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Notes to the Financial Statements

For the Year Ended 31 March 2016

2. Judgments in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstance. The following are the key estimates made in preparing these financial statements:

Stock provisioning

The company is engaged in the supply of ductile iron pipes, fittings and ancillaries, as a result it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability. See note 11 for the net carrying amount of the inventory and associated provision.

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 10 for the carrying amount of the property, plant and equipment and note 1.6 for the useful economic lives for each class of assets.

3. Analysis of turnover

Analysis of turnover by country of destination:

	2016 £000	2015 £000
United Kingdom	13,466	13,157
Rest of Europe	1,122	2,791
	<u>14,588</u>	<u>15,948</u>

4. Other operating income

	2016 £000	2015 £000
Net rent receivable	-	1
	<u>-</u>	<u>1</u>

Notes to the Financial Statements

For the Year Ended 31 March 2016

5. Operating profit

The operating profit is stated after charging:

	2016 £000	2015 £000
Depreciation of tangible fixed assets	69	86
Fees payable to the Company's auditor and its associates for the audit of the company's annual accounts	15	12
Fees payable to the company's auditor and its associates for tax compliance services	2	2
Exchange differences	(23)	85
Operating lease rentals	145	111
Defined contribution pension cost	38	32
	<u> </u>	<u> </u>

6. Employees

Staff costs, including directors' remuneration, were as follows:

	2016 £000	2015 £000
Wages and salaries	977	984
Social security costs	108	107
Cost of defined contribution scheme	38	32
	<u> </u>	<u> </u>
	<u>1,123</u>	<u>1,123</u>

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

	2016 No.	2015 No.
Manufacturing	9	11
Selling and administration staff	27	28
	<u> </u>	<u> </u>
	<u>36</u>	<u>39</u>

7. Directors' remuneration

	2016 £000	2015 £000
Directors' emoluments	144	137
Company contributions to defined contribution pension schemes	13	12
	<u> </u>	<u> </u>
	<u>157</u>	<u>149</u>

During the year retirement benefits were accruing to 1 director (2015 - 1) in respect of defined contribution pension schemes.

Notes to the Financial Statements

For the Year Ended 31 March 2016

8. Interest payable and similar charges

	2016 £000	2015 £000
Bank interest payable	177	158
	<u>177</u>	<u>158</u>

9. Taxation

	2016 £000	2015 £000
Deferred tax		
Deferred tax	35	57
Taxation on profit on ordinary activities	<u>35</u>	<u>57</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2015 - lower than) the standard rate of corporation tax in the UK of 20% (2015 - 20%). The differences are explained below:

	2016 £000	2015 £000
Profit on ordinary activities before tax	<u>124</u>	<u>413</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20%)	25	83
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	8	3
Fixed asset differences	3	2
Adjustments to tax charge in respect of prior periods	(7)	7
Other permanent differences	-	2
Other differences leading to an increase in the tax charge	6	-
Deferred tax not recognised	-	(40)
Total tax charge for the year	<u>35</u>	<u>57</u>

Notes to the Financial Statements

For the Year Ended 31 March 2016

9. Taxation (continued)**Factors that may affect future tax charges**

There were no factors that may affect future tax charges.

10. Tangible fixed assets

	Freehold property £000	Plant & machinery £000	Fixtures & fittings £000	Computer equipment £000	Total £000
Cost					
At 1 April 2015	63	511	150	218	942
Additions	9	13	-	22	44
Disposals	-	(75)	-	(3)	(78)
At 31 March 2016	72	449	150	237	908
Depreciation					
At 1 April 2015	21	422	114	183	740
Charge owned for the period	6	33	11	19	69
Disposals	-	(75)	-	(3)	(78)
At 31 March 2016	27	380	125	199	731
At 31 March 2016	45	69	25	38	177
At 31 March 2015	42	89	36	35	202

11. Stocks

	2016 £000	2015 £000
Finished goods and goods for resale	8,539	8,155
	8,539	8,155

Stocks are stated after provision for impairment of £18,879 (2015: £18,879).

Stock recognised in cost of sales in the year as an expense was £11,082,665 (2015: £11,162,297).

Notes to the Financial Statements

For the Year Ended 31 March 2016

12. Debtors

	2016 £000	2015 £000
Trade debtors	3,628	2,784
Amounts owed by group undertakings	138	118
Other debtors	284	173
Prepayments and accrued income	86	254
Deferred taxation	52	87
	<u>4,188</u>	<u>3,416</u>

Trade debtors are stated after provision for impairment of £nil (2015: £nil).

13. Cash and cash equivalents

	2016 £000	2015 £000
Cash at bank and in hand	560	436
Less: bank overdrafts	(5,328)	(4,976)
	<u>(4,768)</u>	<u>(4,540)</u>

Notes to the Financial Statements

For the Year Ended 31 March 2016

14. Creditors: Amounts falling due within one year

	2016	2015
	£000	£000
Bank loans and overdrafts	5,328	4,976
Trade creditors	641	982
Amounts owed to group undertakings	5,801	5,030
Taxation and social security	216	91
Other creditors	28	4
Accruals and deferred income	502	267
	<u>12,516</u>	<u>11,350</u>

Amounts due to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

The invoice financing facility is secured by way of a fixed and floating charge over the assets of the company.

A bank loan was taken out with ICICI Bank UK Plc for £3,250,000 dated 28 March 2015. Interest is charged at a rate of 2.84%. This is due for repayment on April 15 2017.

Notes to the Financial Statements

For the Year Ended 31 March 2016

15. Financial instruments

	2016 £000	2015 £000
Financial assets at amortised cost		
Cash and cash equivalents	560	436
Trade debtors	3,628	2,784
Amounts owed by group undertakings	138	118
Other debtors	284	173
Prepayments	86	254
	<u>4,696</u>	<u>3,765</u>
	2016 £000	2015 £000
Financial liabilities at amortised cost		
Bank loans and overdrafts	(5,328)	(4,976)
Trade creditors	(641)	(982)
Amounts owed to group undertakings	(5,801)	(5,030)
Taxation and social security	(216)	(91)
Other creditors	(28)	(4)
	<u>(12,014)</u>	<u>(11,083)</u>

Notes to the Financial Statements

For the Year Ended 31 March 2016

16. Deferred taxation

	Deferred tax £000
At 1 April 2015	87
Charged to the profit or loss	(35)
At 31 March 2016	52

The deferred tax asset is made up as follows:

	2016 £000	2015 £000
Accelerated capital allowances	(10)	(13)
Losses and other deductions	62	99
Other timing differences	-	1
	<u>52</u>	<u>87</u>

A deferred tax asset of £62,000 (2015: £99,000) on historical trading losses of approximately £342,000 has been recognised (2015: £495,000). There are no unrecognised deferred tax assets (2015: £nil).

17. Reserves

Profit & loss account

Includes all current and prior period retained profits and losses.

18. Share capital

	2016 £000	2015 £000
Authorised, allotted, called up and fully paid		
1,100,000 Ordinary shares of £1 each	<u>1,100</u>	<u>1,100</u>

19. Capital commitments

There were no capital commitments at 31 March 2016 or 31 March 2015.

Notes to the Financial Statements

For the Year Ended 31 March 2016

20. Pension commitments

The company participates in a money purchase pension scheme in respect of its directors, staff and employees. The assets of the scheme are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the schemes and amounted to £37,963 for the year (2015: £31,845).

21. Commitments under operating lease

At 31 March 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £000	2015 £000
Not later than 1 year	130,800	120,512
Later than 1 year and not later than 5 years	277,804	361,122
Later than 5 years	-	168,078
Total	408,604	649,712

22. Related party transactions

As a wholly owned subsidiary of Electrosteel Castings Limited, the company is exempt from the requirements of FRS 102 to disclose transactions with other members of the group headed by Electrosteel Castings Limited (registered office being 19 Camac Street, Kolkata, 700017, India) on the grounds that accounts are publicly available. The consolidated financial statements are available on the parent company's website www.electrosteel.com.

23. Controlling party

The ultimate parent undertaking of this company is its parent company, Electrosteel Castings Limited, a company incorporated in India, which is also the company's controlling related party by virtue of its 100% ownership of the company's share capital.

24. First time adoption of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.