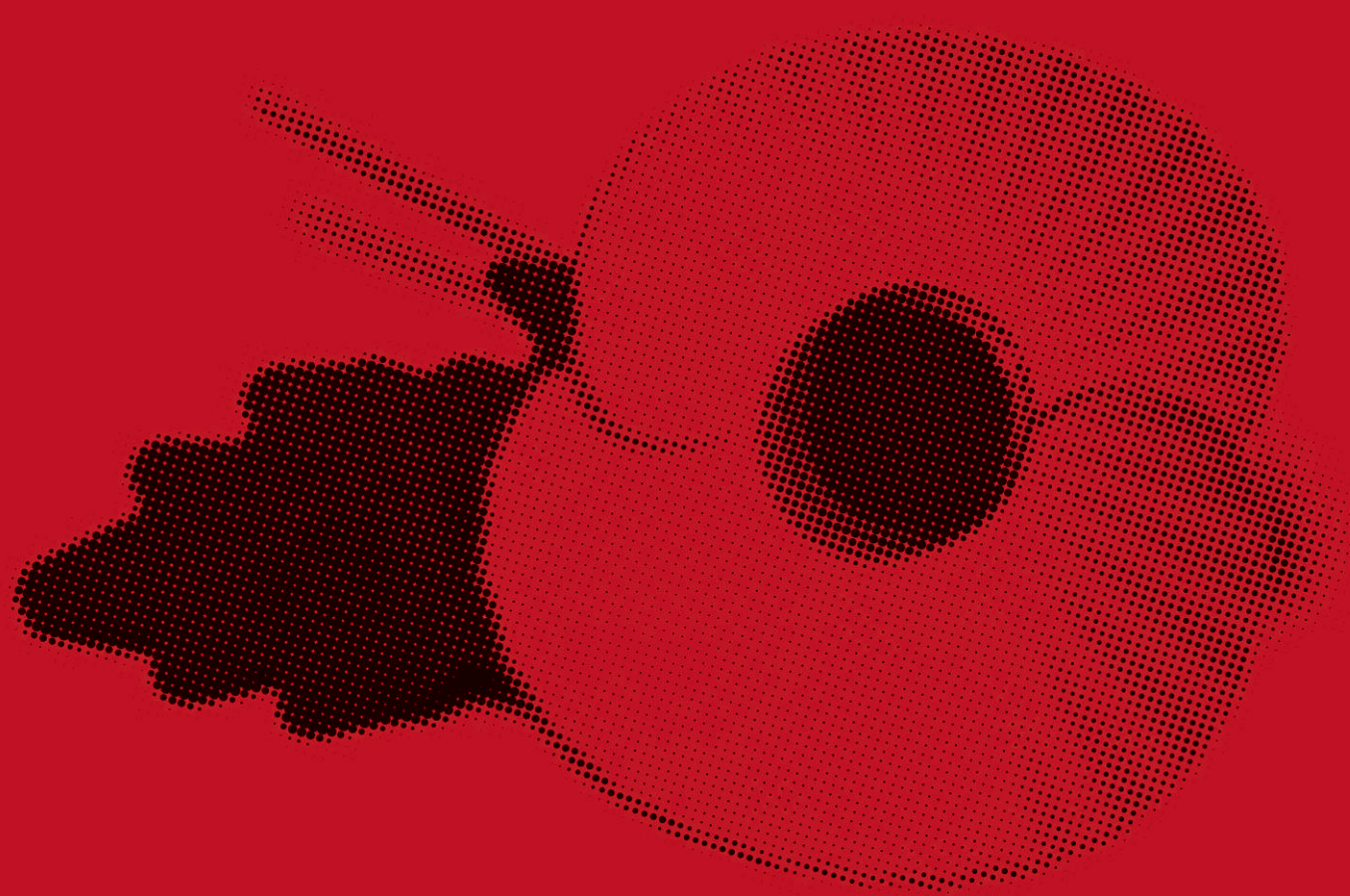


JAMES
CROPPER

EST. 1845



2014
ANNUAL REPORT
& ACCOUNTS

ALL OF US AT JAMES CROPPER ARE VERY PROUD OF OUR LONG ASSOCIATION WITH THE ROYAL BRITISH LEGION AND ITS ANNUAL POPPY APPEAL, WHICH PROVIDES VITAL CARE AND SUPPORT FOR WAR VETERANS AND THEIR FAMILIES. OVER 40 MILLION PAPER POPPIES ARE CREATED EVERY YEAR, AND FOR OVER 35 YEARS WE HAVE MADE THE PAPER AT BURNESIDE.

IN FLANDERS FIELDS

In Flanders fields the poppies blow
Between the crosses, row on row,
That mark our place; and in the sky
The larks, still bravely singing, fly
Scarce heard amid the guns below.
We are the Dead. Short days ago
We lived, felt dawn, saw sunset glow,
Loved and were loved, and now we lie
In Flanders fields.
Take up our quarrel with the foe:
To you from failing hands we throw
The torch; be yours to hold it high.
If ye break faith with us who die
We shall not sleep, though poppies grow
In Flanders fields.

John McCrae

JAMES
CROPPER

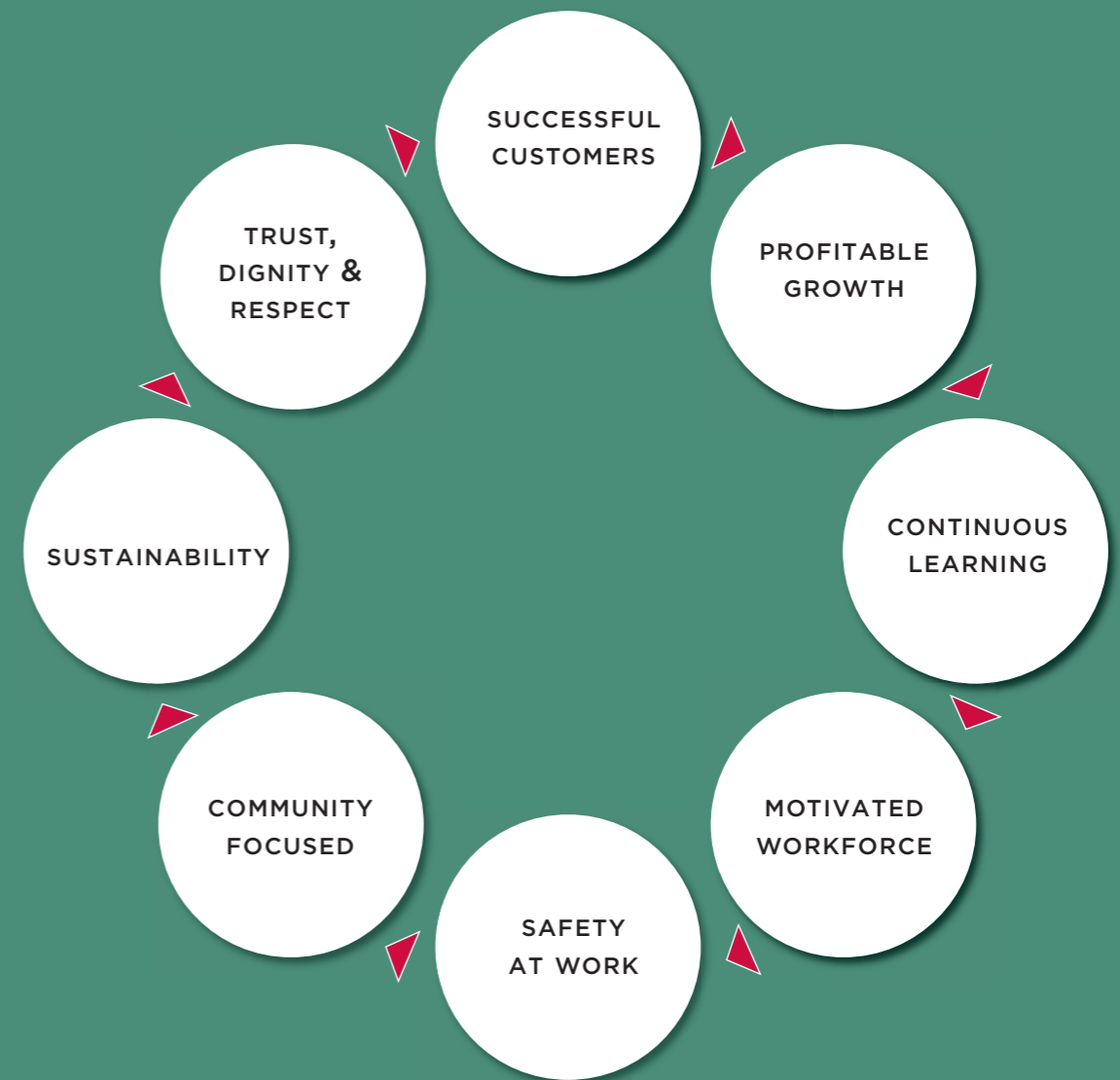


EST. 1845

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.

WHAT WE VALUE



THE ROYAL VISIT 2013

HER MAJESTY THE QUEEN AND HER ROYAL HIGHNESS THE PRINCESS ROYAL VISITED BURNESIDE MILLS ON THE 17 JULY 2013 TO OFFICIALLY OPEN THE STATE OF THE ART RECLAIMED FIBRE PLANT.



A WARM WELCOME

We were greatly honoured that Her Majesty the Queen and The Princess Royal joined us on the 17 July to officially open the state of the art Reclaimed Fibre plant, and took the opportunity to take a tour of the paper mill. There is no more fitting way to celebrate this pioneering development.



Her Majesty The Queen is presented with a posie by a pupil from the local school.



Her Majesty The Queen starts the plant and unveils a plaque to celebrate the occasion.



The Royal Party are introduced to the embossing team and continues the tour.



Her Majesty The Queen accompanied by Patrick Willink, Chief Technology Officer and Phil Wild, CEO.

Her Majesty The Queen signs the visitor book alongside Sir James Cropper.

PRIDE AWARDS 2014 - CATEGORIES

EMPLOYEES ARE NOMINATED BY THEIR COLLEAGUES FOR SPECIAL MERIT UNDER THE FOLLOWING CATEGORIES THAT MIRROR THE GROUP'S VALUES. WINNERS ARE SELECTED BY A PANEL COMPRISING EMPLOYEES ACROSS THE GROUP.

SAFETY IMPROVEMENT

Our absolute commitment to safety needs passionate safety champions throughout the organisation. Winners of this award have all contributed to making the workplace safer for everyone and have been ready to challenge unsafe practices wherever they have seen them.

The winner of this category is
LYNDON MONTGOMERY (Blender Assistant)

COMMUNITY & THE ENVIRONMENT

The Mill has been a central part of the local community for 169 years. Many employees make a valuable contribution to the fabric of life in Burnside and South Lakeland, whether in education, sport or charitable activities. 91% of our employees live within 20 miles of Burnside.

The winner of this category is
VICKI WRIGHT (Materials Scientist)

SUPPORT FOR COLLEAGUES

Life inevitably throws up challenges to all of us from time to time, either at work or in our private lives. This award recognises those individuals who colleagues know they can turn to for help, advice or simply someone to talk to.

The joint winners of this category are
LEE HOSKINSON (Atcost Operator) **JACQUELINE REDMAN** (JCSP Marketing Manager)

INNOVATION & CREATIVITY

This award recognises those individuals who are innovative and creative, which are key elements in ensuring we maintain a competitive advantage and help our customers to become more successful.

The winner of this category is
GLYN CARRADUS (Finishing Spare)

CUSTOMER SERVICE

Our Values recognise customers as the lifeblood of our business.

The joint winners of this category are
AMIE KNIPE (Purchasing Assistant) **LOUISE BELL** (HR Administrator)

TAKING PRIDE

This award is about having high standards in everything we do and this category recognises those employees who set the bar when it comes to doing their job to the highest personal and professional standards.

The winner of this category is
SIMON CROSSLEY (Engineering Project Manager)

THE WINNERS

THIS IS THE FIFTH YEAR OF THE JAMES CROPPER PRIDE AWARDS WHICH SERVE TO RECONFIRM OUR COMMITMENT TO OUR VALUES AND CELEBRATE OUTSTANDING ACHIEVEMENT AND EFFORT ACROSS VARIOUS CATEGORIES.

EMPLOYEES ARE NOMINATED BY THEIR COLLEAGUES.



The full Pride Award story which relates to Winners and Commendations, can be read by scanning the QR code or visiting www.jamescropper.com/pride/2014.htm

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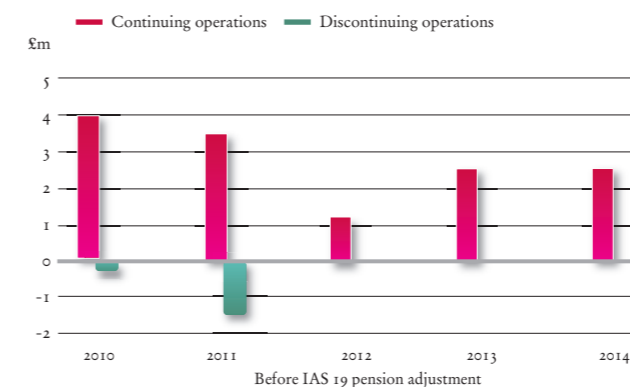
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SUMMARY OF RESULTS

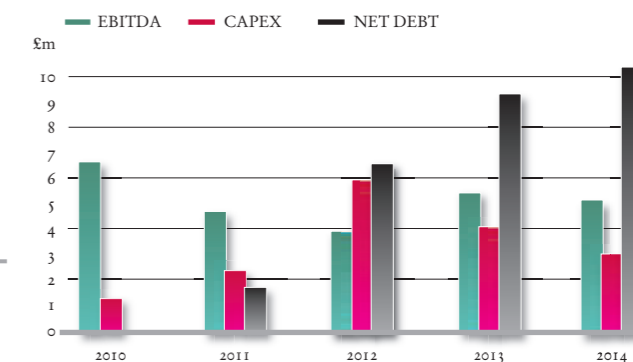
GROUP TURNOVER

	2014 £000s	2013 £000s (restated)	2012 £000s	2011 £000s	2010 £000s
Continuing operations	84,518	79,241	78,223	83,264	70,714
The Paper Mill Shop (discontinued operation)	-	-	-	3,609	5,516
	84,518	79,241	78,223	86,873	76,230
Trading profit before interest	2,545	2,535	1,207	1,665	3,568
Depreciation	2,654	2,818	2,675	3,072	3,138
EBITDA (before IAS 19 pension adjustment)	5,199	5,353	3,882	4,737	6,706
Trading profit before interest	2,545	2,535	1,207	3,361	3,942
Continuing operations	-	-	-	(1,696)	(374)
The Paper Mill Shop (discontinued operation)	2,545	2,535	1,207	1,665	3,568
Trading activities					
James Cropper Paper Products	2,023	1,679	1,622	1,859	3,883
Technical Fibre Products	1,278	1,450	629	2,289	1,327
The Paper Mill Shop (discontinued operation)	-	-	-	(1,696)	(374)
Other Group expenses	(408)	(228)	(158)	(119)	(393)
Director and employee bonuses	2,893	2,901	2,093	2,333	4,443
(348)	(366)	(86)	(668)	(875)	
Trading operating profit	2,545	2,535	2,007	1,665	3,568
Redundancy provision	-	-	(800)	-	-
Trading profit before interest	2,545	2,535	1,207	1,665	3,568
Net interest	(457)	(483)	(364)	29	(271)
Trading profit before tax	2,088	2,052	843	1,694	3,297
(After future service pension contributions paid)					
Net IAS 19 pension adjustments to					
Net current service charge required	(307)	(426)	(539)	(763)	(255)
Exceptional curtailment adjustment	-	-	-	10,158	-
Operating profit	(307)	(426)	(539)	9,395	(255)
Net interest	(468)	(380)	667	(3)	(626)
Net pension adjustment before tax	(775)	(806)	128	9,392	(881)
Overall Group after pension adjustments					
Operating profit	2,238	2,109	1,468	11,060	3,313
Redundancy provision	-	-	(800)	-	-
Profit before interest	2,238	2,109	668	11,060	3,313
Net interest	(925)	(863)	303	26	(897)
Profit before Tax	1,313	1,246	971	11,086	2,416
Profit/(loss) before Tax	1,313	1,246	971	12,812	2,790
Continuing operations	-	-	-	(1,726)	(374)
The Paper Mill Shop (discontinued operation)	1,313	1,246	971	11,086	2,416
Earnings per Share - diluted	15.0p	10.0p	9.5p	117.4p	25.5p
Continuing operations after IAS 19					
Dividends per Share	7.9p	7.9p	7.9p	7.9p	7.5p
Balance Sheet Summary £'000					
Non-pension assets - excluding cash	51,093	48,426	46,278	44,000	43,852
Non-pension liabilities - excluding borrowings	(11,230)	(10,831)	(11,956)	(13,841)	(15,800)
	39,863	37,595	34,322	30,159	28,052
Net IAS 19 pension deficit (after deferred tax)	(9,312)	(7,972)	(5,850)	(1,039)	(10,210)
Net borrowings	30,551	29,623	28,472	29,120	17,842
(10,277)	(9,286)	(6,505)	(1,711)	(31)	
Equity shareholders' funds	20,274	20,337	21,967	27,409	17,811
Gearing % - before IAS 19 deficit	35%	33%	23%	6%	0%
Gearing % - after IAS 19 deficit	51%	46%	30%	6%	0%
Capital Expenditure £'000	2,958	4,072	5,934	2,276	1,228

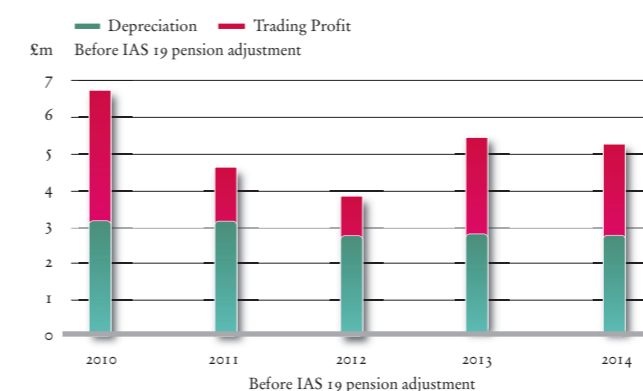
TRADING PROFIT



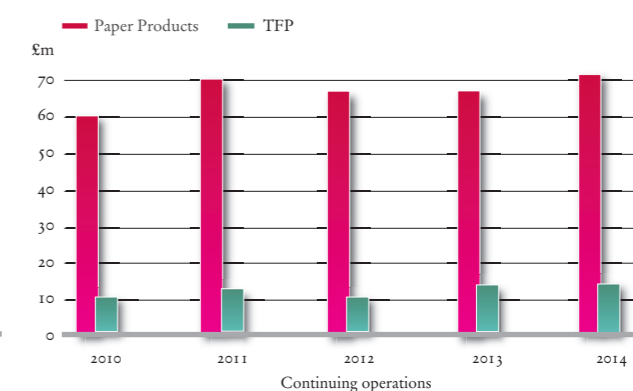
FUNDS AND CAPITAL EXPENDITURE



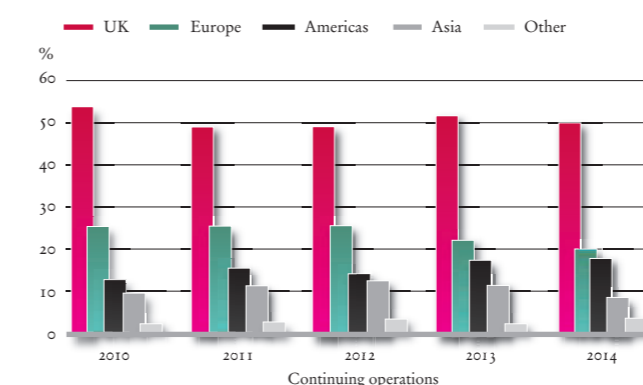
EBITDA



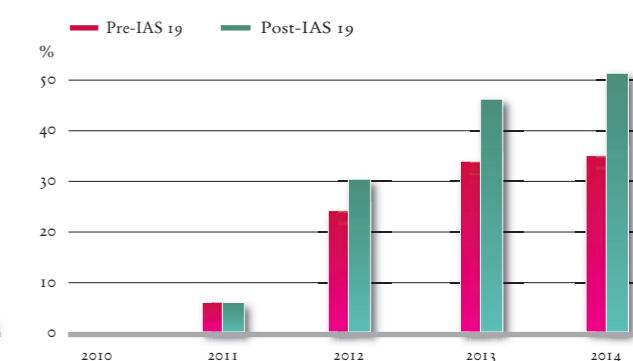
EXTERNAL TURNOVER - Business Segmentation



EXTERNAL TURNOVER - Geographical Segmentation



GEARING



NOTES TO SUMMARY OF RESULTS

- All references to:
- "Trading Profit before Interest" refers to profits prior to interest on borrowings, "Net IAS 19 pension adjustment" and tax.
 - "Trading Profit before Tax" refers to profits prior to "Net IAS 19 pension adjustment" and tax.
 - "Net IAS 19 pension adjustment" in the Profit and Loss Account refer to the net impact on the Profit and Loss Account of the pension schemes' operating costs and finance costs, as described in the IAS 19 section of the Strategic Report.
 - All references to:
 - "Profit and Loss Account" refers to the Statement of Comprehensive Income.
 - "Balance Sheet" refers to the Statement of Financial Position.
 - "Reserves" refers to the Statement of changes in Equity.
 Management have chosen to maintain the terminology that readers are familiar with.
 - The results for 2013 have been restated to reflect the changes required following the adoption of IAS 19 Revised. There is no revision for any earlier years.

DIRECTORS, BANKERS & ADVISERS

CHAIRMAN

M A J CROPPER, MA

Mark was born in 1974. He joined the Board in 2006 and became Deputy Chairman in 2008 and then Chairman in 2010. He is the sixth generation of the Cropper family to be involved in the business. He wrote the Company's history, "The Leaves We Write On", which was published in 2004. Mark is Managing Director of Ellergreen Hydro Ltd, a developer of hydro-electric schemes. He is also a Partner of Turquoise Capital LLP.

EXECUTIVE DIRECTORS

P I WILD, B.ENG CHIEF EXECUTIVE OFFICER

Phil was born in 1969. He was educated at Scarborough College, Kent College, Loughborough University and The London Business School. Phil served an apprenticeship at Lucas Diesel Systems and subsequently spent over 20 years with 3M Company where he held a number of roles and directorships covering industrial, healthcare, automotive & security market sectors, leaving 3M as the Director for Europe Middle East and Africa for the Security Systems Division. He joined James Cropper plc as Chief Executive Officer in 2012.

J M DENMAN, BSC, FCA GROUP FINANCE DIRECTOR

John was born in 1952. He was educated at Yeovil School and University College, Swansea, graduating with a degree in physics. John trained as a Chartered Accountant with Deloitte & Co in London. Subsequently he held a variety of roles with British American Tobacco, Glaxo, Halfords and BT Marine. John joined the Group and the Board in 1995 following the acquisition of BT Marine by Cable & Wireless. He is responsible for Finance, Purchasing, Information Systems and Safety and Environment. He is also a former trustee of the James Cropper plc Pension Scheme, a former director of the Paper Federation of Great Britain Ltd and the Treasurer of the Confederation of Paper Industries Ltd. John will retire and resign from the Board at the AGM on 30 July 2014.

P J WILLINK, BSC, MBA CHIEF TECHNOLOGY OFFICER, JAMES CROPPER PLC

Patrick was born in 1964. He was educated at Shrewsbury School and Newcastle University, graduating with a degree in microbiology. Patrick gained his MBA from Imperial College, London. He joined the Group in 1990 from Aquascutum Ltd and the Board in 1998. Patrick was Operations Director of James Cropper Speciality Papers Ltd until his appointment as Chief Technology Officer of the Group in January 2014. In May 2014 Patrick became President of the Confederation of Paper Industries Ltd. He is also related to the founder.

K D WATSON, B.ENG CHIEF OPERATING OFFICER, JAMES CROPPER PLC

Dave was born in 1964. He was educated at Darlington College, Sunderland University and London Business School. Dave served a mechanical apprenticeship at Rothmans International and has over 30 years experience in Industrial, Automotive, Pharmaceutical and Secure Documents and Systems markets. He has held a variety of senior positions within 3M Corporation. Dave joined James Cropper plc as Chief Operating Officer on 1 January 2014. Dave has responsibility for all manufacturing operations across the Group and will also assume responsibility for Purchasing and Safety and Environment following the retirement of John Denman.

M THOMPSON, MBA MANAGING DIRECTOR, TECHNICAL FIBRE PRODUCTS LTD

Martin was born in 1959. He studied chemistry at University in Aberdeen and received an MBA from Napier University in Edinburgh. Prior to joining James Cropper, Martin held a variety of roles within Arjowiggins, BASF and Inveresk, covering Technical Management, Business Systems Management, Operations Management, Managing Director and Divisional Managing Director. He joined the Company in 2003 as General Manager of James Cropper Converting Ltd and subsequently appointed Managing Director in 2007. Martin was appointed Managing Director of Technical Fibre Products in June 2013.

G T QUAYLE, BSC, C. CHEM, MRSC

George was born 1953. He joined the Group in 1992 from Whatman PLC and the Board in 1998. George resigned from the Board on 31 July 2013.

N A READ, BA SALES AND MARKETING DIRECTOR, JAMES CROPPER SPECIALITY PAPERS LTD

Nigel was born in 1954. He joined the Group in 1981 from Robert Fletcher & Sons Ltd and the Board in 1998. He is a former trustee of the James Cropper plc Pension Scheme. Nigel retired and resigned from the Board on 2 May 2014.

NON EXECUTIVE DIRECTORS

D R WILKS, LLB

David was born in 1954. He joined the Board in 2004. He is a Director of Wilks & Partners, the management consultancy he founded in 2001. Prior to this, he had extensive manufacturing operations experience with H J Heinz and United Biscuits and was a Director of ER Consultants.

J E SHARP, MA

Jim was born in 1967. He joined the Board in 2009. He 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 Jeckerson. He is also a Non-Executive Director of The Brunner Investment Trust PLC.

D MITCHELL, BSC (HONS)

Douglas was born in 1950. He joined the Board in 2012. Prior to his retirement in 2010, Douglas was Managing Director of 3M UK and Ireland, following a high profile career within 3M that included many senior roles in General Management, Sales and Marketing, Logistics and Manufacturing.

COMPANY SECRETARY

D R CAREY, FCCA

David was born in 1947. He joined the Group in 1974 as Chief Accountant. He became Company Secretary in April 1996.

HONORARY PRESIDENT

SIR JAMES A CROPPER, KCVO, BA

James was born in 1938. He joined the Group in 1966. Formerly Non-Executive Chairman, Sir James resigned from this position in 2010 after which he was a Non-Executive Director until he resigned from the Board on 31 July 2013. After over forty years of distinguished service within the Company, Sir James was appointed the first Honorary President of James Cropper plc.

BANKERS AND ADVISERS

BANKERS

Barclays Bank PLC

HSBC Bank PLC

Svenska Handelsbanken AB (publ)

INDEPENDENT AUDITOR

KPMG LLP, Preston

TAX ADVISERS

PricewaterhouseCoopers LLP, Newcastle upon Tyne

NOMAD & STOCKBROKERS

Westhouse Securities Limited, London

CORPORATE LAWYERS

Bond Dickinson, Newcastle upon Tyne

REGISTRARS

Capita Asset Services, Beckenham

PENSION ADVISER

Towers Watson, Manchester

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BURNESIDE MILLS

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GREAT BRITAIN

www.cropper.com

COMPANY REGISTRATION NO: 30226
(Limited by shares)



CHAIRMAN'S REVIEW



PROFIT BEFORE TAX WAS £2,088,000 COMPARED TO £2,052,000 IN 2012/13 (PRIOR TO THE IAS 19 PENSION ADJUSTMENT).

Although turnover grew strongly in the year, profitability was adversely affected by exchange rate fluctuations, exceptional restructuring expenditure, increased pulp and energy costs and the consequence of increased UK and EU environmental taxes.

Profit after the IAS 19 pension adjustment but before tax was £1,313,000 compared to £1,246,000 in 2012/13.

Group turnover for the financial year was £84,518,000, up 7% on last year with UK sales up 6% and export sales up 7%. Across the Group, sales into the USA were up 15%, whilst sales into continental Europe were down 2%. Exports represented 50% of turnover. The US dollar weakened by 9.3% against sterling over the period and as a consequence the Group's profitability was adversely affected.

Diluted Earnings per Share after the adjustment for IAS 19 was 15.0 pence compared to 10.0 pence in the previous year.

DIVIDEND

The Board will recommend to the AGM that the final dividend be maintained at 5.7 pence per share making a total dividend for the financial year of 7.9 pence (7.9 pence in 2012/13).

GROUP STRUCTURE

Management responsibility for James Cropper Speciality Papers and James Cropper Converting is being brought together in a new division, James Cropper Paper Products, in order to achieve greater customer and operational synergies. Phil Wild, the Group's CEO, is the Managing Director of James Cropper Paper Products.

Operations and Technology & Innovation Directorates were created in January 2014.

In April 2014 Paper Products established a subsidiary company in mainland China for the purpose of selling and marketing within China. This will allow customers to retain full chain of custody over products supplied and to be invoiced in local currency. The subsidiary is staffed by Chinese nationals.

TECHNICAL FIBRE PRODUCTS ("TFP")

TFP reported an operating profit for the year of £1,278,000 compared to £1,450,000 in 2012/13, with turnover up by 4% on the previous year at £13,047,000, of which 85% was exported.

Profitability was significantly affected by the weakening of the US dollar against sterling over the course of the year. Sales to the USA accounted for 57% of TFP's turnover, compared with 55% in the previous year. Sales to the USA were up by 6% in sterling terms. Sales outside of the USA were in line with the previous year.

TFP grew strongly in the Aerospace sector with sales up 25% during the year and represented 25% of total sales. TFP is at an advanced stage of qualification to supply material for a major new airliner programme which, on commercialisation, will lead to a long term revenue flow. Sales into the Defence sector were down on last year as a consequence of a shift in the ordering pattern of a major customer. We fully expect sales to this customer to accelerate in the coming year.

All US activities have now been relocated to our new facility in Schenectady, New York State. During the year TFP commissioned a £1.5 million nano-carbon coating line at Schenectady encouraged by the requirements of existing and potential new customers. We believe this investment will place TFP in a leading position with regard to the development of this new technology and will be of long term benefit.

JAMES CROPPER PAPER PRODUCTS ("Paper Products")

Paper Products reported an operating profit for the year of £2,023,000 compared to £1,679,000 in 2012/13.

Turnover rose by £4,830,000 to £71,471,000, up 7% with volume increasing by 8%. Exports represented 43% of turnover.

We are beginning to see benefits flowing from our increased market focus with sales of Luxury & Packaging, Creative Print & Design, Bindings & Coverings, Industrial and Digital Print grades growing strongly.

Environmental responsibility is at the heart of our manufacturing and corporate ethos and central to our product development programme. In this regard we were highly honoured that HM The Queen agreed to officially commission our new Reclaimed Fibre plant in July 2013.

Our pioneering innovation in the area of processing and inclusion of otherwise waste materials in high quality grades was also recognised at two prestigious exhibitions during the year. In October we won the "In Green Award" at the annual Luxepack exhibition held in Monaco. The Reclaimed Fibre plant was hailed as the most innovative, eco-friendly paper production development of 2013. This success was followed six months later when in April we received the first ever "In Green Award" to be presented at a Luxepack exhibition held in Shanghai. On this occasion the accolade was awarded for the inclusion of 10% cocoa shell waste in paper grades used in confectionery wrapping. Produced at the request and in collaboration with Barry Callebaut, the world's leading manufacturer of high-quality cocoa and chocolate products, Cocoa Paper is a strong and naturally coloured fibre suitable for food packaging.

These awards, our Royal visit and our attendance at high profile events in the UK and abroad have served to increase market awareness of our capability.

2014 marks the centenary of the outbreak of World War One. James Cropper plc is very proud to be the exclusive supplier of red and green paper to the Royal British Legion from which their iconic Remembrance Poppies are made.

Considerable progress has been made with regard to pulp substitution by fibre produced from the Reclaimed Fibre plant, with levels of substitution achieving 10% by the end of the financial year. The plant uses innovative technology to extract fibre from specific paper-based consumer products, such as disposable coffee cups, which would otherwise be difficult to recycle. This fibre is extremely high quality which makes it an ideal substitute for wood-pulp and helps us to both mitigate the impact of pulp price volatility and to target customers who are focused on the recycled content of our product.

The cost of Northern Bleached Softwood Kraft ("NBSK") wood-pulp opened at US\$830/tonne rising progressively to US\$920/tonne by the end of the financial year. In late May 2014, the price had risen to US\$925/tonne. As a result pulp costs were up some £0.9 million on the previous financial year.

The unit commodity cost of natural gas was up 6% on the previous financial year with the overall cost of consumption being £4.8 million compared to £4.5 million in the comparable period.

Phase 3 of EUETS, a mandatory EU scheme relating to carbon dioxide emissions, was introduced as from 1 January 2013. Under Phase 3 our annual allowances were reduced from 41,000 tonnes to an average of 16,000 tonnes per annum. Given that our annual emissions are in the region of 39,000 tonnes, carbon credits had to be purchased for the balance of 23,000 tonnes. In addition, as from 1 April 2013 the Group was also subject to the Carbon Price Floor. This levy is a UK Government "green" tax, which places UK producers at a competitive disadvantage compared with competitors in the rest of EU as well as those in the rest of the world. These two measures added £0.4 million to the cost base in the financial year. I am pleased to say that after heavy lobbying by James Cropper plc, the Confederation of Paper Industries and other UK intensive energy users, HM Government announced changes to legislation that will exempt the Group from the Carbon Price Floor from 2015 onwards. This will reduce our future "environmental taxes" by £0.2 million per annum.



The British Legion chose the James Cropper paper mill where the red and green paper for the poppies is made to launch its appeal.

CHAIRMAN'S REVIEW

(CONTINUED)

PENSIONS & INTERNATIONAL ACCOUNTING STANDARD 19

("IAS 19")

The Group operates two funded pension schemes providing defined benefits for just over 40% of its employees. The overall value of the schemes' assets declined by 1.2% over the period, whilst their liabilities increased by 0.4%. The IAS 19 valuations of these schemes as at 29 March 2014 revealed a combined deficit of £11,640,000, compared with £10,353,000 at the previous year end, an increase of £1,287,000. The primary reason for the increase in the schemes' liabilities is the discount rate of 4.50% used at March 2014 compared to 4.65% at March 2013, reflecting the decline in corporate bond yields over this period.

The accounting standard IAS 19 has changed for accounting periods beginning on or after 1 January 2013. In previous years it was possible to take credit for the expected return on plan assets in excess of the discount rate. Under the revised standard the income from plan assets allowed for in the net interest cost is based only on the discount rate. The result of this change is to increase the cost shown in the Profit and Loss Account, with a corresponding decrease in losses recognised in Other Comprehensive Income. As a result of the revision of IAS 19 the profit before tax reported is £1,037,000 lower than it would have been under the old basis (£573,000 lower in the prior year). The IAS 19 pension adjustment required under the old basis would have been an increase to profit of £569,000 (an increase of £193,000 in the prior year) whereas the new basis decreases profit by £468,000 (a decrease of £380,000 in the prior year).

PEOPLE

It has been a period of considerable change within the Board and Executive Committee.

George Quayle retired from the Board and his position as Managing Director of TFP at the last AGM on 31 July 2013. George was succeeded by Martin Thompson who joined the Board of James Cropper plc on 10 June 2013.

Dave Watson joined the Group and Board as Chief Operating Officer on 2 January 2014 being responsible for all our global manufacturing activities. Dave has a strong manufacturing background with more than 25 years' experience in the Industrial, Automotive, Healthcare and Security markets. Prior to joining us he was the Site Manager for 3M Personal Safety Division at Aycliffe.

On 2 January Patrick Willink was appointed Chief Technology Officer with the brief to explore, develop and deploy new products and technologies to support both the Group's existing businesses and any future investment in new business opportunities. Patrick was previously Operations Director for James Cropper Speciality Papers.

Nigel Read retired from the Board and his position as Sales & Marketing Director of James Cropper Speciality Papers on 2 May 2014. Nigel was fundamental to the development of the long-standing and successful relationships that have been built between Speciality Papers and its customers. I am very grateful to Nigel for his exceptional commitment to the Group and its customers during the course of his career. Nigel joined the Group in 1981 and the Board in 1998.

Chris Brown joined the Group in the position of Commercial Director of Paper Products on 31 March 2014. He is also a member of the Executive Committee. Chris brings an extensive sales, marketing and technical experience to the role, together with a vast international network within the paper industry. He joined the Company from Favini, an Italian competitor, where he has worked for the past twelve years; the last five of which as Marketing & European Sales Director.

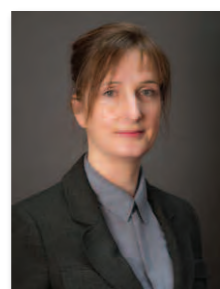
New members of the Executive Committee.



Dave Watson



Chris Brown



Isabelle Maddock

John Denman will retire and resign from the Board at the AGM on 30 July 2014. John has served James Cropper plc with distinction for 19 years since joining the Group and Board in 1995. On behalf of the Board I would like to extend our gratitude to him and wish him well for his retirement.

Isabelle Maddock will be appointed to the Board on 31 July 2014 as Group Finance Director. Isabelle joined James Cropper plc in 2006 as Group Financial Controller and has served as Head of Finance since September 2013.

We have also continued to strengthen the sales and marketing capability of each of our businesses through selective recruitment in order to deliver our growth plans.

CASH AND BORROWINGS

Capital expenditure during the year was £3.0 million (£4.1 million in 2012/13). At 29 March 2014, gross drawn down loans totalled £11.0 million, with £0.7 million held as cash at bank. In addition the Group had un-drawn overdraft facilities of £4.1 million. Gearing at the financial year end, after deduction of the IAS 19 pension deficit, was 51% up from 46% the previous year. Working capital remains under tight control.

OUTLOOK

I am very pleased with progress in the past financial year. The Group has made a number of significant investments across all aspects of its businesses and whilst these have combined with higher input costs to impact the current year's profitability we are confident that they provide a stronger platform to future growth.

It was inevitable that as we succeeded in growing sales in the USA our exposure to the US dollar would increase. We will be taking further measures in the coming year to create a natural hedge by purchasing more raw materials and equipment in dollars.

I am confident that TFP will grow strongly in the coming year with sales into Aerospace and Defence sectors leading the way.

In Paper Products, Luxury Packaging continues to present a significant growth opportunity and we are especially proud of our strong relationship with leading brands such as Burberry. This British super-brand uses distinctive high quality paper made at Burnside in nearly all their packaging. Although not without its challenges, I believe we now have traction within Paper Products to grow profitable sales on a global basis enhanced by greater market awareness of our capability.

Mark Cropper

Chairman

SAFETY IMPROVEMENT

THE WINNER OF THIS CATEGORY IS

LYNDON MONTGOMERY

Blender Assistant



Lyndon has driven through numerous safety and housekeeping improvements over the past year. As well as identifying areas for improvement, he has made them happen using various contacts. He has shown great tenacity and commitment.

COMMUNITY & THE ENVIRONMENT

THE WINNER OF THIS CATEGORY IS

VICKI WRIGHT

Materials Scientist



When the Kendal Torchlight Procession was cancelled in 2012, Vicki took it upon herself to get it reinstated. She felt that this event was vital to the local community, so she played a key role in organising the 'Keep the Flame' campaign last year. This raised the profile of the event, which raises funds for charity. The success of the event meant that the Torchlight Procession returned in 2013, with Vicki on the committee as Recruitment Co-ordinator. She is also a member of the Kendal & District Lions and gives up lots of her evenings and weekends to organise and support charitable events.

STRATEGIC REPORT

OVERALL PERFORMANCE

TRADING PROFIT BEFORE INTEREST FOR THE YEAR WAS £2,545,000 COMPARED TO £2,535,000 IN THE PREVIOUS YEAR.

PROFIT BEFORE TAX WAS £2,088,000 COMPARED TO £2,052,000 IN 2012/13 (PRIOR TO THE IAS 19 PENSION ADJUSTMENT).

THE NET IAS 19 PENSION ADJUSTMENT WAS A CHARGE OF £755,000.

POST NET IAS 19 PENSION ADJUSTMENT THE GROUP RECORDED AN OVERALL PROFIT BEFORE TAX OF £1,313,000 COMPARED TO £1,246,000 IN THE PREVIOUS YEAR.

A TAX CREDIT OF £58,000 AROSE.

THE PROFIT AFTER TAX WAS THEREFORE £1,371,000 COMPARED TO £872,000 IN THE PREVIOUS YEAR.

POST NET IAS 19 PENSION ADJUSTMENT DILUTED EARNINGS PER SHARE WERE 15.0P; 10.0P IN THE PRIOR YEAR.

THE IAS 19 PENSION DEFICIT INCREASED BY £1,287,000 TO £11,640,000.

SHAREHOLDERS' FUNDS AT THE YEAR-END WERE £20,274,000, WITH NET DEBT OF £10,277,000, RESULTING IN A GEARING RATIO OF 51% POST IAS 19 DEFICIT.

All references to:

“Profit and Loss Account” refers to the Statement of Comprehensive Income.

“Balance Sheet” refers to the Statement of Financial Position.

“Reserves” refers to the Statement of Changes in Equity.

Trading Profit and Loss Account	2014	2013	Change	Change
Turnover	£'000	£'000	£'000	%
		(restated)		
Paper Products	71,471	66,642	4,829	7
Technical Fibre Products	13,047	12,599	448	4
	84,518	79,241	5,277	7
Expenses				
Raw materials and consumables used	(36,909)	(33,754)	(3,155)	9
Energy costs	(5,994)	(5,217)	(777)	15
Employee benefit costs *	(20,842)	(19,870)	(972)	5
Depreciation and amortisation	(2,654)	(2,818)	164	(6)
Other expenses	(16,100)	(14,737)	(1,363)	9
Other income and changes in inventory	526	(310)	836	-
	(81,973)	(76,706)	(5,267)	7
Trading Profit before Interest *	2,545	2,535	10	-
(* Before net pension adjustments)				
Trading profit	2,545	2,535	10	
Depreciation	2,654	2,818	(164)	
EBITDA (before IAS 19 pension adjustment)	5,199	5,353	(154)	
Profit and Loss Summary				
Trading activities				
Paper Products	2,023	1,679	344	
Technical Fibre Products	1,278	1,450	(172)	
Other Group expenses	(408)	(228)	(180)	
	2,893	2,901	(8)	
Director and employee bonuses	(348)	(366)	18	
Trading Profit before Interest	2,545	2,535	10	
Net interest	(457)	(483)	26	
Trading profit before tax	2,088	2,052	36	
(After future service pension contributions paid)				
Net pension adjustments				
Net current service charge required	(307)	(426)	119	
Net interest	(468)	(380)	(88)	
Net pension adjustment before tax	(775)	(806)	31	
Overall Group after pension adjustments				
Profit before interest	2,238	2,109	129	
Net interest	(925)	(863)	(62)	
Profit before Tax	1,313	1,246	67	
Balance Sheet Summary				
Non-pension Assets - excl. Cash	51,093	48,426	2,667	
Non-pension Liabilities - excl. Borrowings	(11,230)	(10,831)	(398)	
	39,863	37,595	2,269	
Net pension liabilities	(9,312)	(7,972)	(1,340)	
	30,551	29,623	929	
Net Borrowings	(10,277)	(9,286)	(991)	
Equity shareholders' funds	20,274	20,337	(62)	
Gearing % - before IAS 19 deficit	35%	33%		
Gearing % - after IAS 19 deficit	51%	46%		

STRATEGIC REPORT

(CONTINUED)

TRADING PROFIT AND LOSS ACCOUNT IN SUMMARY

Group turnover was £84,518,000 compared to £79,241,000 last year, up £5,277,000. Overall turnover grew by 7%.

Overall Group raw material and consumable costs, excluding energy, were £36,909,000 up 9% on last year. The cost of energy consumption increased over the previous year by £777,000 to £5,994,000, up 15%.

Prior to the net IAS 19 pension adjustment employment costs were £20,842,000 compared to £19,870,000 in the previous year. The average number of people employed increased from 505 to 518 over the year. For greater analysis of employment costs see Table G.

Other external charges increased by £1,363,000 from £14,737,000 to £16,100,000. The main elements of this increased expenditure were additional marketing, refurbishment and effluent costs and environmental taxation.

FOREIGN CURRENCY

The majority of exports into continental Europe are invoiced in €. €s are used to purchase priced pulp and other raw materials sourced from Europe in €. Similarly, export sales outside Europe are invoiced in US\$ and the receipts fund the purchase of US\$ priced pulp. These steps reduce exposure to foreign currency rate fluctuations. The situation is monitored to ensure that whenever possible currency receipts and payments are matched. Over the 12 month period to 29 March 2014 the Group's has produced a trading surplus of US\$7.3m and a €1.2m trading deficit, primarily as a consequence of increasing sales in the USA and declining sales in Europe. Table A compares the opening and closing exchange rates for the financial year.

Table A

CURRENCY		US\$	€
Opening rate April 2013 v. £		1.52	1.18
Closing rate March 2014 v. £		1.66	1.21
Exchange rate movement	%	(9.3)	(2.1)
Strengthen/(Weaken) v. £			
Currency transactions in year			
Sales receipts	'000	27,506	17,323
Purchase payments	'000	(20,279)	(18,554)
Surplus/(deficit)	'000	7,227	(1,231)
Currency transactions in prior year			
Sales receipts	'000	22,135	17,584
Purchase payments	'000	(18,336)	(19,380)
Surplus/(deficit)	'000	3,799	(1,796)

		US\$	€
£ @ Opening rate	£'000	4,747	(1,039)
£ @ Closing rate	£'000	4,343	(1,018)
(Loss)/gain	£'000	(404)	21

		US\$	€
Change in currency transactions between years			
Sales receipts	'000	5,371	(261)
Purchase payments	'000	(1,943)	826
Surplus	'000	3,428	565

Sales receipts	+24%	-1%
Purchase payments	+11%	-4%

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.

TECHNICAL FIBRE PRODUCTS

	2014	2013	Change	Change
	£'000	£'000	£'000	%
Turnover	13,047	12,599	448	4
Operating profit	1,278	1,450	(172)	

Profitability was significantly affected by the weakening of the US\$ against Sterling over the course of the year. Sales to the USA were up by 6% in Sterling terms. Sales to the USA accounted for 57% of TFP's turnover, compared with 55% in the previous year. Sales outside of the USA were in line with the previous year. TFP grew strongly in the Aerospace sector with sales up 25% during the year. Sales in this sector

represented 25% of total sales. Sales into the Defence sector were down on last year as a consequence of a shift in the ordering pattern of a major customer.

All US activities have now been relocated to our new facility in Schenectady, New York State. During the year TFP commissioned a £1.5 million nano-carbon coating line at Schenectady encouraged by the requirements of existing and potential new customers.

PAPER PRODUCTS

	2014	2013	Change	Change
	£'000	£'000	%	
Turnover	71,471	66,642	4,829	7
Operating profit	2,023	1,679	344	

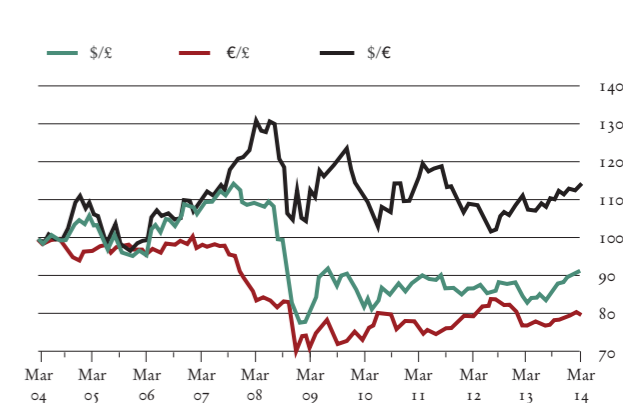
The cost of Northern Bleached Softwood Kraft ("NBSK") wood-pulp opened at US\$830/tonne rising progressively to US\$920/tonne by the end of the financial year. In late May 2014, the price had risen to US\$925/tonne. Pulp costs were up some £0.9 million on the previous financial year. Levels of pulp substitution of 10% were achieved by fibre produced from the Reclaimed Fibre plant by the end of the financial year thus mitigating the impact of pulp price volatility.

The unit commodity cost of natural gas was up 6% on the previous financial year with the overall cost of consumption being £4.8 million compared to £4.5 million in the comparable period.

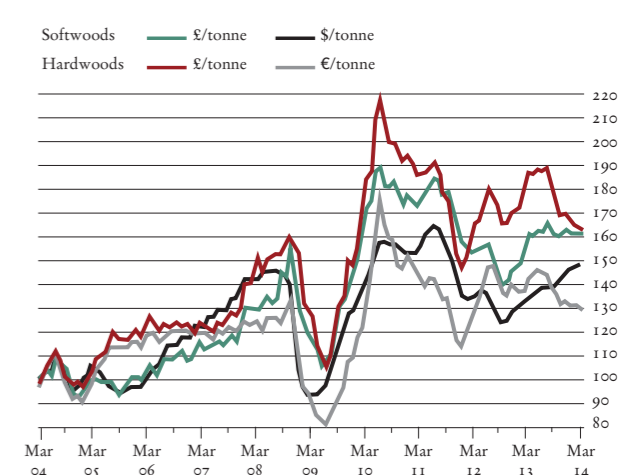
Additional environmental taxation increased the cost base by £0.4 million in the financial year.

Despite the award of a Regional Growth Fund ("RGF") grant in October 2012 the Board decided not to proceed with an investment in a biomass steam raising boiler. It was the Board's intention that the plant would be fuelled by a mixture of solid recovered fuel produced from municipal waste and the Group's own paper-making effluent residues. The decision not to proceed was principally influenced by the restrictions imposed by EU State Aid rules requiring that the boiler be fuelled by waste wood for a number of years in order to receive the full grant. This fuel option was high risk, even with a RGF grant of £2.9 million, because it would necessitate the Group having to invest a significant sum of capital to allow it to substitute one expensive source of energy, gas, for another expensive source of energy, waste wood.

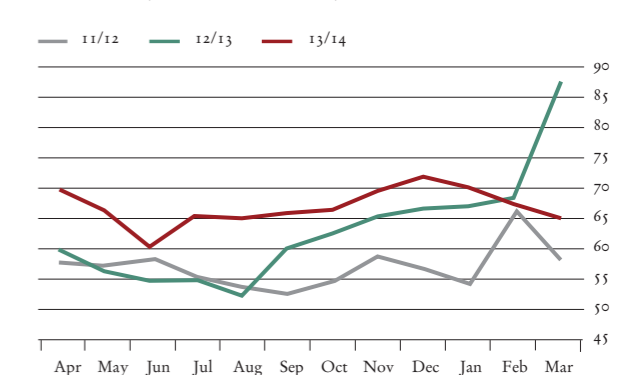
CURRENCY INDEX



PULP INDEX IN DENOMINATED CURRENCIES



GAS COST (PENNY PER THERM)



STRATEGIC REPORT

(CONTINUED)

Table B	Prior years £'000	Current year £'000	Future years £'000	Total change £'000
Corporation Tax	(52)	570	-	518
Deferred tax	(135)	(161)	(280)	(576)
	(187)	409	(280)	(58)

The adjustment in respect of future years reflects the reduction in the Corporation Tax rate from 23% to 21% as from 1 April 2014 and from 21% to 20% as from 1 April 2015. The deferred tax balances as at 29 March 2014 have been calculated based on the rate of 20% substantially enacted at the balance sheet date.

BALANCE SHEET

Shareholders' Funds fell by £63,000 from £20,337,000 at the previous year-end to £20,274,000 as at 29 March 2014.

The overall IAS 19 pension deficit increased by £1,287,000 to £11,640,000. This was off-set by a Deferred Tax Asset of £2,328,000. The IAS 19 pension deficit net of Deferred Tax, increased by £1,340,000 over the year to £9,312,000. For greater analysis of IAS 19 see Table F.

Net borrowings increased by £991,000, whilst other liabilities excluding pensions increased by £398,000.

Capital expenditure was £2,958,000 (£4,072,000 in the previous year).

Net current assets rose by £707,000 over the year from £16,542,000 to £17,249,000 with working capital (stocks, debtors, net of creditors) increasing by £1,292,000 and net cash decreasing by £584,000. Working capital movements included;

- A £1,452,000 increase in inventories
- A £1,175,000 increase in trade and other debtors offset by
- A £1,371,000 increase in trade and other creditors

Over the year bank loans falling due after more than a year increased by £407,000 from £7,522,000 to £7,929,000.

CASH FLOW

Summarised cash flow is shown in Table C.

Table C	2014 £'000	2013 £'000	Change £'000
Cash Flow			
Net cash inflow from operating activities	2,370	1,814	556
Net cash outflow from investing activities	(2,945)	(4,063)	1,118
	(575)	(2,249)	1,674
Net cash flow from financing activities	(982)	(940)	(42)
Net increase in cash and cash equivalents	(1,557)	(3,189)	1,632
Opening cash and cash equivalents	2,249	5,438	(3,189)
Closing cash and cash equivalents	692	2,249	(1,557)

Net cash inflow from operating activities in the year was after deducting past service pension deficit payments of £853,000. Net cash outflow from investing activities in the year includes capital expenditure totaling £2,958,000.

Total cash and borrowing changes over the year and facilities available are shown in Table D.

Table D	2014 £'000	2013 £'000	Change £'000
Net debt			
Cash and cash equivalents	692	2,249	(1,557)
Borrowings: repayable within one year	(3,040)	(4,013)	973
Net cash	(2,348)	(1,764)	(584)
Borrowings: non-current	(7,929)	(7,522)	(407)
Net debt	(10,277)	(9,286)	(991)

Facilities

Borrowings: repayable within one year	3,040	4,013	(973)
Borrowings: non-current	7,929	7,522	407
Facilities drawn down	10,969	11,535	(566)
Undrawn facilities	4,084	4,753	(669)
Facilities	15,053	16,288	(1,235)

Funds available

Cash and cash equivalents	692	2,249	(1,557)
Undrawn facilities	4,084	4,753	(669)
Funds available at year end	4,776	7,002	(2,226)
Borrowings: repayable within one year	(3,040)	(4,013)	973
Funds available in excess of one year	1,736	2,989	(1,253)

PENSIONS

The Group operates two funded pension schemes providing defined benefits for just over 40% of its employees including Executive Directors. Membership of the Schemes was closed to new members in 2000 in order to contain the Group's exposure to rising pension costs. Since 2001 all new employees have been able to join a defined contribution Group Personal Pension Plan ("GPP"). The Group exposure to employee's GPP plans is limited to a fixed percentage of contractual pay.

The latest actuarial "on-going" valuations of the James Cropper plc Pension Scheme (the "Staff Scheme") and the James Cropper plc Works Pension Plan (the "Works Scheme") were conducted as at April 2013. Table E compares the "on-going" valuations as at April 2013 and the previous valuation as at April 2010.

STRATEGIC REPORT

(CONTINUED)

	Staff Scheme £'000	Works Scheme £'000	Total £'000
Triennial "on-going" valuation - 2013			
Discount rate	4.45%	4.45%	
Assets	35,255	37,815	73,070
Liabilities	(38,837)	(46,925)	(85,762)
Deficit	(3,582)	(9,110)	(12,692)
Funding level	90.8%	80.6%	
Triennial "on-going" valuation - 2010			
Discount rate	5.60%	5.60%	
Assets	28,877	33,301	62,178
Liabilities	(31,794)	(35,642)	(67,436)
Deficit	(2,917)	(2,341)	(5,258)
Funding level	90.8%	93.4%	
Change			
Discount rate	-1.15%	-1.15%	
Assets	6,378	4,514	10,892
Liabilities	(7,043)	(11,283)	(18,326)
Deficit	(665)	(6,769)	(7,434)
Funding level	0.0%	-12.8%	

Staff Scheme

The actuarial valuation revealed a deficit of £3,582,000. The Group has agreed with the trustees 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 £570,000 in respect of the deficit and will meet expenses of the Scheme and levies to the Pension Protection Fund.

Works Scheme

The actuarial valuation showed a deficit of £9,110,000. The Group has agreed with the trustees 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 £660,000 in respect of the deficit and will meet expenses of the Scheme and levies to the Pension Protection Fund.

FUTURE SERVICE CONTRIBUTIONS

	Staff			Works		
	2014	2015	2016	2014	2015	2016
As from 1 April						
Paid as a % of salary	%	%	%	%	%	%
Employer's contribution	12.75	12.75	12.75	7.50	7.50	7.50
Member's contribution	8.75	9.25	10.00	7.75	8.25	9.00
	21.50	22.00	22.75	15.25	15.75	16.50

The next actuarial "on-going" valuations of the Staff Scheme and the Works Scheme will be conducted as at April 2016.

TRIENNIAL "ON-GOING" VALUATIONS



IAS 19

IAS 19 requires that actuaries calculate the assets and liabilities of companies' pension schemes based on values and interest rates at their annual balance sheet date. Under IAS 19, pension scheme liabilities are measured on an actuarial basis using the projected unit method. Pension liabilities are discounted at the current rate of return on an AA rated quality corporate bond of equivalent currency and term. The pension scheme assets are measured at fair value at the balance sheet date. The net of these two figures gives the scheme surplus or deficit. 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. An "on-going" valuation takes account of the projected growth in the pension schemes' assets by asset type over the projected life of the scheme.

The assumptions used by the actuaries for their IAS 19 valuations are likely to be very different from those that they used with regard to their "on-going" valuations.

IAS 19 regards a sponsoring company and its pension schemes as a single accounting entity rather than two or more separate legal entities. The actuarial valuation is the starting point for the creation of the IAS 19 accounting entity. The valuation determines the net position of a pension scheme, i.e. the difference between its assets and liabilities. On the introduction of IAS 19 the net position, surplus or deficit, is brought onto the sponsoring company's Balance Sheet such that Reserves are immediately adjusted by the net position reduced by deferred tax. This obviously results in either an increase or decrease in the net asset value of the sponsoring company. Upon valuation at subsequent year-ends the

movement in value from the previous valuation is expressed in the following component parts:

Those 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.

Those which do not affect Profit

- Actuarial gains and losses arising from variances against previous actuarial assumptions.

The above items are offset in the year-to-year movement by actual contributions paid by the employer in the period.

The accounting standard IAS 19 has changed for accounting periods beginning on or after 1 January 2013. In previous years it was possible to take credit for the expected return on plan assets in excess of the discount rate. Under the revised standard the income from plan assets allowed for in the net interest cost is based on the discount rate. The result of this change is to increase the cost shown in the Profit and Loss Account, with a corresponding decrease in losses recognised in Other Comprehensive Income. The impact is shown below.

	Staff 2014 £'000	Works 2014 £'000	Total 2014 £'000	Total 2013 £'000
Impact of IAS 19 revision				
Finance costs – old basis	309	260	569	193
Finance costs – new basis	(126)	(342)	(468)	(380)
Increased charge to				
Profit and Loss Account	(435)	(602)	(1,037)	(573)

The old basis would have uplifted reported profit by £569,000 whereas the new basis reduces reported profit by £468,000; an adverse movement of £1,037,000.

Table F shows the results of the IAS 19 valuations.

STRATEGIC REPORT

(CONTINUED)

Table F	Staff 2014	Works 2014	Total 2014	Total 2013 (restated)	Change	Change
Discount rate			4.50%	4.65%	-0.15%	
IAS 19 DEFICIT	£'000	£'000	£'000	£'000	£'000	%
Current Service Charge	(422)	(489)	(911)	(1,106)	195	
PPF Levy	(20)	(38)	(58)	(57)	(1)	
IAS 19 impact on Operating Profit	(442)	(527)	(969)	(1,163)	194	
Future service contributions paid	329	333	662	737	(75)	
Net impact on Operating Profit	(113)	(194)	(307)	(426)	119	
Finance costs - old basis	309	260	569	193	376	
Net impact on Profit and Loss Account - old basis	196	66	262	(233)	495	
Finance costs - old basis	(309)	(260)	(569)	(193)	(376)	
Finance costs - new basis	(126)	(342)	(468)	(380)	(88)	
Net impact on Profit and Loss Account - new basis	(239)	(536)	(775)	(806)	31	
Past service deficit contributions paid	402	451	853	960	(107)	
Actuarial (losses)/gains	(515)	(850)	(1,365)	(2,809)	1,444	
Opening deficit	(2,874)	(7,479)	(10,353)	(7,698)	(2,655)	
Closing deficit	(3,226)	(8,414)	(11,640)	(10,353)	(1,287)	
Deferred Taxation	645	1,683	2,328	2,381	(53)	
Net deficit	(2,581)	(6,731)	(9,312)	(7,972)	(1,340)	
Impact of IAS 19 revision						
Finance costs - old basis	309	260	569	193		
Finance costs - new basis	(126)	(342)	(468)	(380)		
Increased charge to Profit and Loss Account	(435)	(602)	(1,037)	(573)		
Assets	36,238	37,604	73,842	74,759	(917)	-1.2%
Liabilities	(39,464)	(46,018)	(85,482)	(85,112)	(370)	0.4%
Closing deficit	(3,226)	(8,414)	(11,640)	(10,353)	(1,287)	12.4%
Funding level -%	92%	82%	86%	88%		
Assets						
Managed growth (including equities)	26,731	30,299	57,030	56,557	473	
Nominal Liability Strategy	7,744	7,155	14,899	15,798	(899)	
Annuities	1,706	-	1,706	2,076	(370)	
Cash	57	150	207	328	(121)	
	36,238	37,604	73,842	74,759	(917)	
Asset - %						
Managed growth (including equities)	73.8	80.6	77.2	75.7		
Nominal Liability Strategy	21.4	19.0	20.2	21.1		
Annuities	4.7	-	2.3	2.8		
Cash	0.2	0.4	0.3	0.4		
	100.0	100.0	100.0	100.0		

The overall value of the schemes' assets declined by 1.2% over the period, whilst their liabilities increased by 0.4%. The IAS 19 valuations of these schemes as at 29 March 2014 revealed a combined deficit of £11,640,000, compared with £10,353,000 at the previous year end, an increase of £1,287,000. The primary reason for the increase in the schemes' liabilities is the discount rate of 4.50% used at March 2014 compared to 4.65% at March 2013, reflecting the decline in corporate bond yields over this period as a consequence of the Bank of England's "Quantitative Easing" programme.

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 £662,000. Under IAS 19 the charge against operating profit in the year was £969,000. This sum includes an excess charge required by IAS 19 over and above the future service contributions.

Table G analyses employment costs charged against Operating Profit.

Table G

Total adjusted employment costs	2014 £'000	2013 £'000	Change £'000
Wages and salaries	17,458	16,460	(998)
Director and employee bonuses	348	366	18
Social security costs	1,625	1,502	(123)
Pension costs - Future service pension contributions paid	662	737	74
Other pension costs	749	805	56
Chargeable against Trading Operating Profit	20,842	19,870	(973)
Wages and salaries	17,458	16,460	(998)
Director and employee bonuses	348	366	18
Social security costs	1,625	1,502	(123)
Pension costs - IAS 19 impact on Operating Profit	969	1,163	194
Other pension costs	749	805	56
Chargeable against Group Operating Profit	21,149	20,296	(853)
Difference being:			
Net IAS 19 pension adjustment against operating profit	307	426	120
Average monthly number of employees	518	505	(13)

ENVIRONMENTAL MANAGEMENT

Over the next few years it is anticipated that there will be a significant increase in output from our manufacturing facility in Burnside. As a consequence there will be a corresponding increase in energy consumption, water abstraction and waste generation, balanced wherever possible by in-house conservation and minimisation activities. This expansion will take place against the background of increasingly tighter regulatory control by Government agencies, most notably through the terms and conditions of the Group's EPR Environmental Permit to Operate, Climate Change Agreement and the European Union Emission Trading Scheme ("EUETS"). The Group's location on the edge of the Lake District National Park and on the River Kent, a Site of Special Scientific Interest and a European Site, Special Area of Conservation, will ensure that its activities will come under close scrutiny. In addition the rapid increase in energy costs in recent years brings consumption and conservation of energy into sharp business focus particularly when weighed against the background of increasing manufacturing output. Unless managed effectively, a number of energy and environmental issues could constrain the Group from meeting its strategic objectives.

STRATEGIC REPORT

(CONTINUED)

CLIMATE CHANGE REGULATIONS

CHPQA

The Group operates a combined heat and power plant (CHP) that is classified under the government's voluntary CHPQA programme as partially "Good Quality". By virtue of this classification the Group receives:

- exemption from the Climate Change Levy for the vast majority of its natural gas consumption.
- relief from government duty for the vast majority of any gas oil used in the CHP as secondary standby fuel.
- exemption from Business Rates otherwise chargeable on our CHP plant.

Climate Change Agreement

The Group is a signatory to the paper sector Climate Change Agreement ("CCA") negotiated with HM Government by the Confederation of Paper Industries, the industry's trade association. Under the Agreement

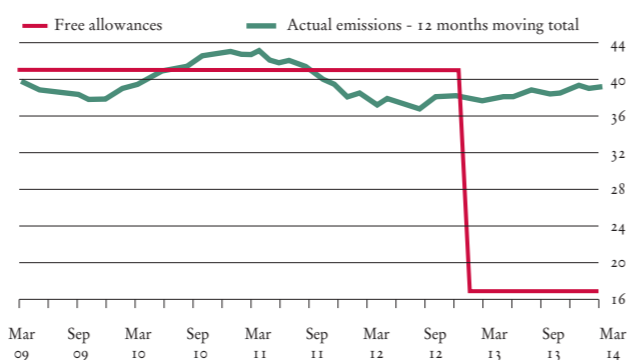
- a 90% discount against the Levy is attributable to imported electricity and
- a 90% discount against the Levy is attributable to exported electricity and
- a 65% discount applies to Levy due against any natural gas that is not exempted via the CHPQA scheme.

In return, from 1 January 2013 the Group is committed to a 7% reduction in its specific electricity consumption over a twelve year period from a baseline of 31 December 2008 to 31 December 2020. The overall target reduction in electricity use is divided into 4 two-yearly periods and the Group is measured on its performance at the end of each 2 years on a cumulative basis. Electricity use is converted into tonnes of CO₂; failure to meet the target results in payment to HM Government of a penalty £12 per tonne of CO₂ times the number of tonnes CO₂ that the target is missed by. If the target is bettered at any target period, the surplus tonnes CO₂ are banked for use at any future target period, should they be required. The first target period ends at 31 December 2015.

EUETS

EUETS, a mandatory scheme for greenhouse gas emission allowance trading within the EU, has been introduced in phases from 2005. It is one of the policies 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

EUETS PERFORMANCE ('000 tonnes of CO₂)



January 2008 under Phase 2. Under the Scheme the Group was allocated carbon allowances to emit 41,000 tonnes of CO₂ per annum. Any emissions above 41,000 tonnes had to be covered by additional allowances that had been purchased, banked from earlier years or bought forward from future years. Under Phase 3, as from 1 January 2013 our annual allowances will be reduced to 16,000 tonnes of CO₂ per annum.

As a result of lobbying by energy intensive industries (EIIs), the European Commission has recognised that EUETS could easily cause EIIs in Europe to move operations outside the European Economic Area or to close because operations become unaffordable. Accordingly, it 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 through the Phase, as will happen with non-EIIs. The Group benefits from this concession as the paper sector is a carbon leakage sector.

Carbon Price Floor

From 1 April 2013 the Group has been subject to the Carbon Price Floor. This levy is a UK inspired "green" tax on the generation of electricity. It therefore places UK producers at a competitive disadvantage compared with competitors in the rest of EU as well as those in the rest of the world. The Carbon Price Floor is part of the government's Electricity Market Reform package and 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. The principle being that a known carbon price will bring certainty and incentivise investment in low carbon technologies. After heavy lobbying by James Cropper plc, the Confederation of

Paper Industries and other UK intensive energy users HM Government announced changes to legislation that will largely exempt the Group from the Carbon Price Floor from 2015 onwards. This will reduce our future "environmental taxation" bill by £0.2 million per annum.

FORESTRY

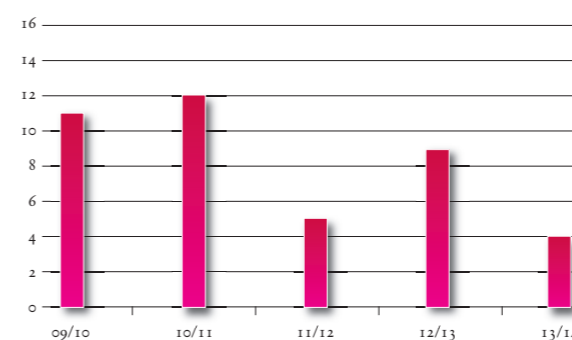
James Cropper plc continued its policy of purchasing only from those suppliers who demonstrate practical application of sound environmental management. Annually James Cropper Speciality Papers purchases some 40,000 tonnes of virgin wood pulp of the highest environmental pedigree, which is largely sourced from long established suppliers based in Sweden, Finland, Spain and Portugal. All suppliers are committed to sustainable forest management and comply fully with their local national standards and legislation. The Group has accreditation to International Standards ISO 9000 and ISO 14001 relating to quality and environmental management procedures respectively. James Cropper Speciality Papers also holds dual accreditation to FSC (Forest Stewardship Council) and PEFC (Programme for the Endorsement of Forest Certification) standards. Certification imposes strict controls, including an auditable chain of custody for pulp sourced by the mill. This enables the subsidiary to satisfy the increasing demand from customers and end consumers for credible certification of the source of fibre used in the products they purchase.

HEALTH AND SAFETY

The Group's Safety Strategy embraces the need to create well-developed safety management processes and a sound safety culture. The aim of the Strategy is to achieve zero Lost Time Accidents ("LTAs"). By adopting the principle that all LTAs are preventable, management are accepting that it is their responsibility to achieve this aim.

There were 4 LTAs in the past financial year compared to 9 in the previous year.

TOTAL LOST TIME ACCIDENTS



RISK MANAGEMENT

The management of risk is fundamental to sound business management and underlying profit performance. Risk management transcends every aspect of the organisation and its activities, affecting policies, employees, assets, customers, suppliers and the wider community. The Board of Directors recognises the link between risk management, internal control and sound business practice. Internal control processes are embedded in the operation activities of the Group and form part of its culture. The management of risk does not necessary lead to the elimination of risk but more simply to its containment within reasonable bounds.

Sound internal control is primarily dependent on people understanding the key issues that relate to their area of activity and what they are expected to do in certain circumstances. This understanding stems from the overall Vision and Values of the Group. The Vision sets our direction. Our Values influence our behaviours. Sound behaviours are critical to the development of successful relationships between people. The Vision is encompassed in a comprehensive financial planning and budgeting process with performance monitored on monthly basis. Through the performance management process the Group's plans and budgets are translated into objectives at all levels of the organisation. The performance management process is seen as a key vehicle through which individual employee's performance can be enhanced and developed for the mutual benefit of the individual and organisation as a whole. Training and development increases employee's competencies and therefore enables them to deal with risks more effectively. Clearly defined policies, processes and procedures (P, P & Ps) provide employees with guidance. There has been considerable effort in recent years to document and revise P,P& Ps across all areas of activity. These allow employees to understand the relevant practices to be deployed.

The Board of Directors is responsible for the Group's system of internal control. It sets appropriate policies on internal control and seeks regular assurance that will enable it to satisfy itself that the system is functioning effectively. Further, the Board ensures that the system of internal control is effective in managing risks in the manner which it has approved. In determining its policies with regard to internal control, and thereby assessing

STRATEGIC REPORT

(CONTINUED)

what constitutes a sound system of internal control in the particular circumstances of the Group, the Board's deliberations includes consideration of the following factors:

- the extent and categories of risk which it regards as acceptable for the Company to bear;
- the likelihood of the risks concerned materialising;
- the nature and extent of the risks facing the Company;
- the Company's ability to reduce the incidence and impact on the business of risks that do materialise; and
- the costs of operating particular controls relative to the benefit thereby obtained in managing the related risks.

It is the role of management to implement Board policies on risk and control. In fulfilling its responsibilities, management should identify and evaluate the risks faced by the Group for consideration by the Board and design, operate and monitor a suitable system of internal control which implements the policies adopted by the Board.

All employees have some responsibility for internal control as part of their accountability for achieving objectives. They, collectively, should have the necessary knowledge, skills, information and authority to establish, operate and monitor the system of internal control. This will require an understanding of the Company, its objectives, the industries and markets in which it operates, and the risks it faces.

The Board of James Cropper plc has overall ownership of the risk management strategy and process and coordinates activity across the Group. 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. In addition to the

Audit Committee, which is a mandatory requirement under The Stock Exchange Combined Code, the Board has for some time established other Steering Groups with risk management briefs. These include;

- Health & Safety
- Environment
- Insurance Management
- Customer Service and Risk Management
- Foreign Currency Management
- Human Resources
- Pensions
- Information Systems
- Energy

The Group's operational quality processes environmental and safety management systems are accredited with ISO 9001, ISO 14001 and OHSAS 18001 respectively. Not only does compliance with these standards form the basis of sound internal control but also they are increasingly important in satisfying customers' aspirations with regard to the management of their supply chains. BSI audits our processes for continuing compliance every six months. We work with our financial auditors and other specialist consultants to identify risks and weaknesses in internal controls.

PRIDE AWARDS 2014

SUPPORT FOR COLLEAGUES

THE JOINT WINNERS OF THIS CATEGORY ARE

LEE HOSKINSON

Atcost Operator

JACQUELINE REDMAN

JCSP Marketing Manager



Lee takes great pride in his work on the Embosser and the PSP slitter. The standards and quality of work he sets for himself are an example of what is expected at Croppers. He is often asked to train people, and always makes himself available for advice and guidance whether about his own department or mill wide. He can always be seen helping others out, offering solutions to problems, he will not see anyone struggle.



Jacqueline is a hardworking, dedicated member of staff. She is always prepared to help, support or advise her colleagues and will persevere in getting to the bottom of issues. Jacqueline never wants or expects praise, but is always happy to praise her colleagues. Her ongoing crusade to modernise the branding and appearance of the Mill is an example to us all.

INNOVATION & CREATIVITY

THE WINNER OF THIS CATEGORY IS

GLYN CARRADUS

Finishing Spare



Glyn is always looking to make improvements in the workplace. He has taken it upon himself to undertake numerous projects - all of which he does in his own time and to his own expense. Some examples include a label dispenser to assist when packing and labelling A4, a frame to assist paper stacking after it's been guillotined and a shelf to hold interleave when guillotining.

REPORT OF THE DIRECTORS

THE DIRECTORS HAVE PLEASURE IN SUBMITTING TO THE MEMBERS THEIR ANNUAL REPORT AND THE AUDITED ACCOUNTS OF THE GROUP FOR THE 52 WEEKS ENDED 29 MARCH 2014.

THE ANNUAL GENERAL MEETING OF THE GROUP WILL BE HELD AT THE BRYCE INSTITUTE, BURNESIDE ON WEDNESDAY, 30 JULY 2014 AT 11.00AM.

REPORT OF THE DIRECTORS

Review of the Business

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

The Chairman's Review includes a review of business activities during the year and comments on future developments and prospects. Details of the Group's activities are included in the Divisional Reviews.

Results

The profit attributable to equity holders of the Company for the 52 weeks ended 29 March 2014 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.

Research and Development

The Group continues to invest in research and development to ensure that the range and quality of products are continually updated.

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 Group and Parent Company 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.

Corporate Governance

(i) Directors' Responsibilities

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.

(ii) 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 Company. It comprises six Executive Directors and four Non-Executive Directors.

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

George Quayle retired from the Company on 31 July 2013 and ceased to be an Executive Director and Managing Director of Technical Fibre Products Ltd.

Martin Thompson was appointed an Executive Director of the Company on 10 June 2013 and is also Managing Director of Technical Fibre Products Ltd.

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.

Patrick Willink, an Executive Director of the Company, was appointed to the new role of Chief Technology Officer of the Company on 1 January 2014 and relinquished his position as Operations Director of James Cropper Speciality Papers Ltd on that date.

Dave Watson was appointed an Executive Director of the Company on 1 January 2014 and holds the new position of Chief Operating Officer of the Company.

John Denman retires from the Company on 30 July 2014 and ceases to be Finance Director of the Company.

Isabelle Maddock, currently the Company's Head of Finance, will be appointed Finance Director and a Director of the Company on 31 July 2014.

Mark Cropper is the Chairman of the Company 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 Company's business.

David Wilks is the senior independent Non-Executive Director.

The Group Board met eight 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 Company's expense. All Directors are aware of their responsibility to regularly update their skills and knowledge.

(iii) 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 one Senior Executive. 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 Company'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 Company. 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 Company's website.

(iv) 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 3 to 5 at the Annual General Meeting deal with the proposed re-election of K D Watson, D Mitchell and D R Wilks as Directors of the Company.

(v) 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.

(vi) Financial Policies and Internal Controls

The Board is committed to presenting a full, balanced and understandable assessment of the Company'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.

REPORT OF THE DIRECTORS

(CONTINUED)

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 company'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 Company 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 Company's financial accounting process.

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

(vii) Risk Management

The Directors continually review the effectiveness of the Group's system of internal controls.

The Board has overall ownership of the risk management strategy and process 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 principal risk that the Group and the Entity faces is the pension deficit. Full details of this risk can be found in Pension section of the Strategic Report in the 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. In addition to the Audit Committee, which is a mandatory requirement under the Combined Code, the Board has Steering Groups with risk management briefs.

These include:

- Health & Safety • Environment
- Insurance • Foreign Currency
- Human Resources • Purchasing
- Pensions • Information Systems

(viii) 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 company's website.

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

Currently the Company makes available its financial results on the website www.cropper.com and issues printed copies of the Annual Report to shareholders.

(ix) Going Concern

The Directors consider that the risks noted in (vii) above are the most significant to the Group but these do not necessarily comprise all risks to which the Group is exposed. In particular, the Group's performance could be adversely affected by poor economic conditions.

Additional risks and uncertainties currently unknown to the Directors, or which the Directors currently believe are immaterial, may also have a material adverse effect on its business, financial condition or prospects.

At 29 March 2014 the Group's available cash and borrowing facilities were £4,776,000, of which £4,084,000 was undrawn. Having taken account of current borrowings to be repaid within 12 months of the balance sheet date, £1,736,000 was available to the Group beyond 12 months.

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.

Payment of Creditors

The Company had 35 days (2013: 35 days) purchases outstanding at 29 March 2014. It is the Group's policy to agree terms of payment with its suppliers when agreeing the terms of a business transaction or transactions. All suppliers are aware of this procedure and the Group abides by the agreed payment terms subject to the terms and conditions being met by the supplier.

Employee Involvement

Regular Consultative Meetings are held with the employee trade union representatives to advise them on all aspects of company 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 Company's future growth. No director of the Company 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 Company'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 £9,000 (2013: £5,000) were made for various local charitable purposes.

Directors' Authority to Allot Shares

Resolution 9 which will be proposed as a special resolution renews an existing authority which expires this year and gives the Directors authority to exercise the powers of the Company to allot un-issued shares.

The Directors have no present intention of exercising the allotment authority proposed by the resolution other than pursuant to existing rights under employee share schemes. To ensure compliance with institutional guidelines and market practice, it is proposed that the authority will:

- be limited to £257,213, being less than one-third of the Company's issued share capital; and
- expire at the conclusion of the next Annual General Meeting or, if earlier, 15 months from the forthcoming Annual General Meeting except insofar as commitments to allot shares have been entered into before that date.

It is the intention of the Directors to seek a similar authority annually.

Directors' Power to Disapply Pre-emption Rights

Resolution 10 is being proposed as a special resolution granting the Directors authority for the ensuing year to allot shares by way of rights to shareholders and to issue a maximum of £224,279 of the nominal share capital of the Company for cash without first offering the shares to

REPORT OF THE DIRECTORS

(CONTINUED)

the existing shareholders pursuant to Section 570 of the Companies Act 2006. The resolution also disappplies pre-exemption rights in the event of the sale of treasury shares. Other than in the case of rights issues, the amount of the general authority to the Directors is limited to allotments of shares for cash up to a total nominal value of £224,279 which represents approximately 10% of the issued ordinary share capital. The authority will terminate at the next Annual General meeting or 15 months after the forthcoming Annual General Meeting, whichever comes first. The Directors propose to renew this authority annually.

Company's Authority to Purchase Shares

Resolution 11 will be proposed as a special resolution to renew an existing authority which expires at the Annual General Meeting and gives the Company authority to make market purchases of its own shares. The Directors would only exercise this power when it would be in the interests of the Group's shareholders as a whole to do so, having regard to the effect on both earnings and net asset values per share. Currently there is no intention of making repurchases.

If such repurchases were made, the Directors would have to agree whether the shares are to be cancelled or to be held in treasury so as to be available for sale at a later date.

The amount of the general authority to the Directors represents approximately 15% of the issued ordinary share capital. The authority will terminate at the next Annual General Meeting or 15 months after the forthcoming Annual General Meeting, whichever comes first. The Directors intend to renew this authority annually.

Substantial Interests

Shareholdings in excess of 3% of the issued capital at 23 May 2014 were as follows:

Name of shareholding	Number of shares	% holding	Note no.
M A J Cropper Directors' Beneficial Interest	1,206,540	13.4	
P J Willink Directors' Non-beneficial Interest	1,132,408	12.6	1
J A Cropper 1974 Settlement	1,062,974	11.8	2
Giltspur Nominees Ltd	607,504	6.8	4
J A Cropper Beneficial Interest	568,337	6.3	
HSBC Global Custody Nominees UK Ltd	364,162	3.8	
J A Cropper Non-beneficial Interest	322,084	3.6	3
Security Services Nominees Ltd	279,151	3.1	
Platform Securities Nominees Ltd	274,794	3.1	

Notes on Shareholding Table

- Included in this percentage is 12.0% disclosed in the shareholding of J A Cropper 1974 Settlement.
- Included in this percentage is 6.0% disclosed in the shareholding of M A J Cropper – Directors' Beneficial Interest.
- Included in this percentage is 3.2% disclosed in the shareholding of M A J Cropper – Directors' Beneficial Interest.
- Included in this percentage is 4.0% disclosed in the shareholding of M A J Cropper – Directors' Beneficial Interest.
- Included in this percentage is 0.1% disclosed in the shareholding of J A Cropper – Directors' Beneficial Interest.

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.

It is proposed in Resolution 6 and 7 that KPMG LLP be and are hereby appointed 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 29 March 2014		At 30 March 2013	
		Ordinary Shares	Options on Ordinary Shares	Ordinary Shares	Options on Ordinary Shares
M A J Cropper	Beneficial	1,206,540	-	1,206,540	-
	Non-beneficial	60,000	4,673	60,000	-
P I Wild	Beneficial	1,000	52,120	1,000	19,324
J M Denman	Beneficial	12,127	39,601	21,960	48,000
N A Read	Beneficial	22,142	39,029	29,533	48,000
M Thompson	Beneficial	26,942	34,601	33,244	41,000
K D Watson	Beneficial	1,000	2,252	-	-
P J Willink	Beneficial	46,518	39,978	49,745	48,000
	Non-beneficial	1,132,408	-	1,132,408	-
D R Wilks	Beneficial	9,112	-	9,112	-
	Non-beneficial	60,000	-	60,000	-
J E Sharp	Beneficial	7,950	-	7,950	-
	Non-beneficial	60,000	-	60,000	-
D Mitchell	Beneficial	1,000	-	1,000	-
	Non-beneficial	60,000	-	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.

There have been no material changes between the year end and 23 June 2014.

Approved by the Board of Directors on 23 June 2014 and were signed on its behalf by

M A J Cropper

Chairman
Burnside Mills
Kendal

CUSTOMER SERVICE

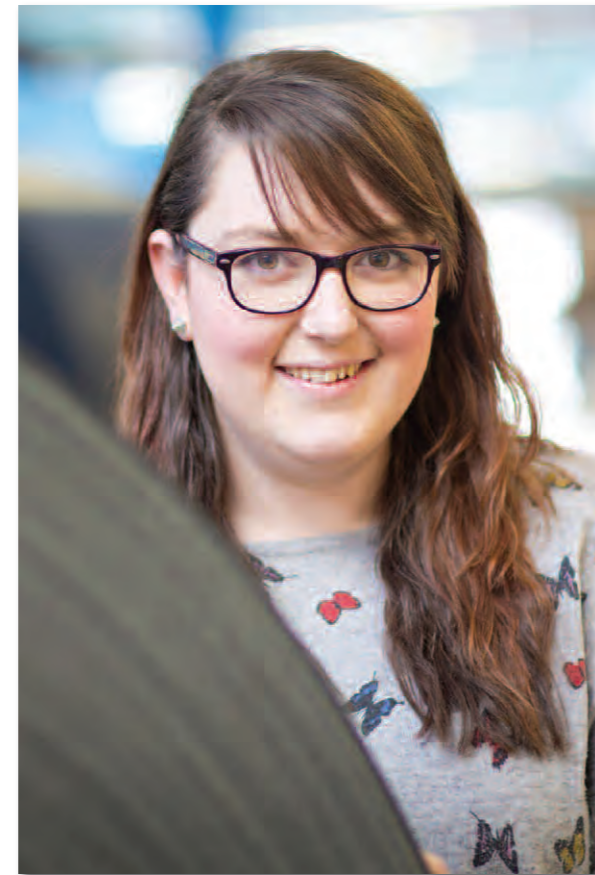
THE JOINT WINNERS OF THIS CATEGORY ARE

AMIE KNIPE
Purchasing Assistant

LOUISE BELL
HR Administrator



No matter how busy Amie is, she recognises how important both external and internal customers are. Her friendly and 'can do' attitude is channelled into everything she does - nothing is too much trouble. I'm sure our customers feel upbeat and valued after dealing with Amie and she willingly gives up her time to help others in the office.



Louise has quickly gained a reputation for going the extra mile in terms of Customer Service. She has managed to juggle Payroll and General Office activities in recent months with great skill, determination and efficiency, and has remained positive throughout. She takes great pleasure in solving problems, and has made a positive impression on both internal and external customers.

TAKING PRIDE

THE WINNER OF THIS CATEGORY IS

SIMON CROSSLEY
Engineering Project Manager



Simon demonstrates the goal of taking pride in anything and everything he undertakes. It was no surprise to see him head the organisational aspects of the royal visit this year. For this he worked exceptionally hard to organise multiple site improvements, dealing with the challenges as they came along. With projects and developments on the machines he is always relating directly with the crews and considering what is best for the company, the crews and the products. He is always willing to help and being local he is very proud to work at James Cropper.

DIRECTORS' REMUNERATION REPORT

This Report provides details of the Directors' remuneration.

SERVICE CONTRACTS

The Chief Executive and the Chief Operating Officer are employed on rolling six month contracts. Other Executive Directors are employed on rolling one year contracts.

The Chairman is employed on a rolling one year contract. Other Non-Executive Directors are employed on contracts of one month's notice by either side and they are typically expected to serve two three-year terms of office, with additional terms of office agreed on an annual basis.

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

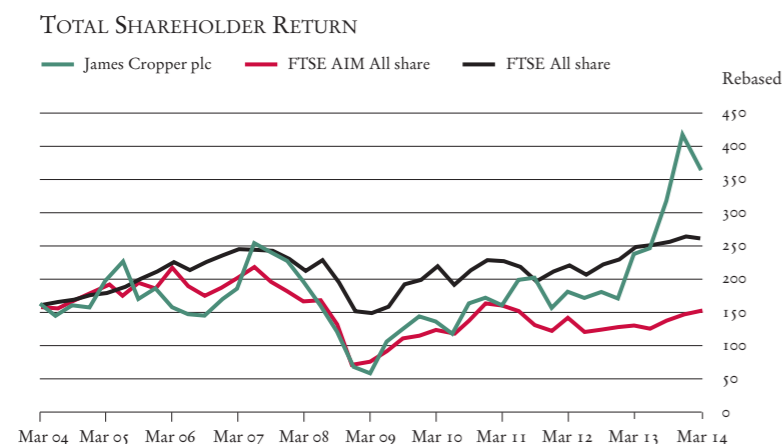
The Group operates an Executive Bonus Scheme which is structured to reward the Executive Directors if targets are achieved on budgeted earnings, yearly earnings improvement, and year on year working capital control. The total bonus payable to a Director is capped at 25% of their contractual salary and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

EMPLOYEE SHARE SCHEMES

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.

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 29 March 2014 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 29 March 2014:

	Salary & Fees		Compensation for Loss of Office		Benefits		Annual Bonus		Pension Costs		Total	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000	2014 £'000	2013 £'000	2014 £'000	2013 £'000	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Executive												
P I Wild (appointed October 2012)	166	120			36	18	14	4	11	5	227	147
J M Denman	98	96			20	20	5	8	30	45	153	169
N A Read (retired May 2014)	93	91			22	19	5	5	17	23	137	138
P J Willink	94	91			20	19	5	5	19	24	138	139
G T Quayle (retired July 2013)	32	96	125	-	3	19	-	8	28	24	188	147
A I Lewis (resigned August 2012)	-	58	-	165	-	9	-	-	-	13	-	245
M Thompson (appointed June 2013)	81	-			22	-	8	-	5	-	116	-
K D Watson (appointed January 2014)	27	-			5	-	1	-	2	-	35	-
Non-Executive												
M A J Cropper	65	82			7	-	-	-	2	-	74	82
J A Cropper (retired July 2013)	6	19			-	-	-	-	-	-	6	19
D Mitchell	26	25			-	-	-	-	-	-	26	25
J E Sharp	20	19			-	-	-	-	-	-	20	19
D R Wilks	23	22			-	-	-	-	-	-	23	22
	731	719	125	165	135	104	38	30	114	134	1,143	1,152

HIGHEST PAID DIRECTOR

	2014 £'000	2013 £'000
Aggregate emoluments	216	232
Pension cost	11	13

DIRECTORS' PENSIONS

The Chief Executive is a member of the Company's defined contribution scheme. Other Executive Directors are members of the Company's defined benefit 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.

DIRECTORS' REMUNERATION REPORT

(CONTINUED)

LONG TERM INCENTIVE PLANS

Awards were made during the year under the Long Term Incentive Plan were as follows:

	Number at 30 March 2013	Number granted in period	Mid market price £ of awards granted	Number exercised in period	Options lapsed in period	Number at 29 March 2014
P I Wild	19,324	32,796	£2.534	-	-	52,120
M A J Cropper	-	4,673	£3.614	-	-	4,673
J M Denman	48,000	11,601	£2.534	-	20,000	39,601
N A Read	48,000	11,029	£2.534	-	20,000	39,029
P J Willink	48,000	10,978	£2.534	-	20,000	38,978
G T Quayle	48,000	-	-	-	48,000	-
M Thompson	41,000	11,601	£2.534	-	18,000	34,601
K D Watson	-	2,252	£3.614	-	-	2,252

The maximum number of shares that can be awarded to any participant in a financial year under the Long Term Incentive Scheme, determined by reference to average mid market prices at the time of the award, is limited to 50% of the participant's basic salary.

The exercise of the LTIP options is subject to the achievement of pre-determined performance conditions. The performance conditions are specific to each of the awards granted and relate to earnings per share exceeding the retail price index, or EBITDA targets being achieved.

The market price of the shares at the period end was £3.645 and the high and low for the period was £4.20 and £2.415 respectively.

D R Wilks

Chairman of the Remuneration Committee

23 June 2014

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

We have audited the financial statements of James Cropper plc for the period ended 29 March 2014 set out on pages 50 to 82. 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, in respect of the separate opinion in relation to the Directors' Remuneration Report and reporting on corporate governance, those matters that we have agreed to state to them in our 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 38, 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 Group's and of the Parent Company's affairs as at 29 March 2014 and of the Group's profit for the period 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;
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006 and under the terms of our engagement

In our opinion the information given in 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:

Under the Companies Act 2006 and under the terms of our engagement we are required 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
- 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 V11 Quay

Navigation Way

Preston

PR2 2YF

23 June 2014

STATEMENT OF COMPREHENSIVE INCOME

	Note	52 week period to 29 March 2014 £'000	52 week period to 30 March 2013 £'000 (restated)
Continuing operations			
Revenue	2	84,518	79,241
Other income		350	225
Changes in inventories of finished goods and work in progress		176	(535)
Raw materials and consumables used		(36,909)	(33,754)
Energy costs		(5,994)	(5,217)
Employee benefit costs	20	(21,149)	(20,296)
Depreciation and amortisation	4	(2,654)	(2,818)
Other expenses		(16,100)	(14,737)
Operating Profit	2	2,238	2,109
Interest payable and similar charges	3	(927)	(872)
Interest receivable and similar income	3	2	9
Profit before taxation	4	1,313	1,246
Tax income/(expense)	5	58	(374)
Profit for the period		1,371	872
Other comprehensive income			
Foreign currency translation		55	(17)
Retirement benefit liabilities - actuarial losses	17	(1,365)	(2,809)
Deferred tax on actuarial losses on retirement benefit liabilities	18	(53)	533
Deferred tax on share options	5	361	-
Income tax on other comprehensive income	5	67	176
Total comprehensive income for the period attributable to equity holders of the Company		436	(1,245)
Earnings per share - basic	6	15.4p	10.1p
Earnings per share - diluted	6	15.0p	10.0p
Dividend declared in the period - pence per share		7.9p	7.9p

STATEMENT OF FINANCIAL POSITION

	Note	Group as at 29 March 2014 £'000	Group as at 30 March 2013 £'000	Company as at 29 March 2014 £'000	Company as at 30 March 2013 £'000
Assets					
Intangible assets	8	480	515	325	293
Property, plant and equipment	9	21,294	21,219	2,121	3,167
Investments in subsidiary undertakings	10	-	-	7,350	7,350
Deferred tax assets	18	820	-	2,552	2,007
Total non-current assets		22,594	21,734	12,348	12,817
Inventories	11	13,300	11,848	-	-
Trade and other receivables	12	16,019	14,844	29,600	28,216
Cash and cash equivalents		692	2,249	257	1,209
Total current assets		30,011	28,941	29,857	29,425
Total assets		52,605	50,675	42,205	42,242
Liabilities					
Trade and other payables	13	9,509	8,138	10,428	11,138
Other financial liabilities	14	11	32	11	32
Loans and borrowings	15	3,040	4,013	1,328	1,418
Current tax liabilities		202	216	6	54
Total current liabilities		12,762	12,399	11,773	12,642
Long-term borrowings	15	7,929	7,522	2,243	3,001
Retirement benefit liabilities	17	11,640	10,353	11,640	10,353
Deferred tax liabilities	18	-	64	-	-
Total non-current liabilities		19,569	17,939	13,883	13,354
Total liabilities		32,331	30,338	25,656	25,996
Equity					
Share capital	19	2,243	2,217	2,243	2,217
Share premium		915	814	915	814
Translation reserve		311	256	-	-
Reserve for own shares		(102)	(102)	-	-
Retained earnings		16,907	17,152	13,391	13,215
Total shareholders' equity		20,274	20,337	16,549	16,246
Total equity and liabilities		52,605	50,675	42,205	42,242

The financial statements on pages 50 to 82 were approved by the Board of Directors on 23 June 2014 and were signed on its behalf by:

M A J Cropper
Chairman

Company Registration No: 30226

STATEMENT OF CASH FLOWS

for the period ended 29 March 2014 (2013: for the period ended 30 March 2013)

	Group 2014	Group 2013 (restated)	Company 2014	Company 2013 (restated)
	£'000	£'000	£'000	£'000
Cash flows from operating activities				
Net profit	1,371	872	1,791	2,518
Adjustments for:				
Tax	(58)	374	(37)	138
Depreciation and amortisation	2,654	2,818	375	529
Net IAS 19 pension adjustments within SCI	775	806	775	806
Past service pension deficit payments	(853)	(960)	(852)	(960)
Foreign exchange differences	109	(55)	69	-
Loss on disposal of property, plant and equipment	27	12	-	-
Net bank interest income & expense	457	483	(1,263)	(1,352)
Share based payments	71	67	71	67
Dividends received from Subsidiary Companies	-	-	(2,000)	(3,000)
Changes in working capital:				
(Increase) / decrease in inventories	(1,462)	519	-	-
(Increase) / decrease in trade and other receivables	(1,143)	(1,546)	(1,388)	611
Increase / (decrease) in trade and other payables	1,228	(972)	(848)	(3,040)
Interest received	2	9	1,377	1,504
Interest paid	(462)	(506)	(118)	(165)
Tax paid	(346)	(107)	-	-
Net cash generated from / (used by) operating activities	2,370	1,814	(2,048)	(2,344)
Cash flows from investing activities				
Purchase of intangible assets	(336)	(157)	(309)	(123)
Purchases of property, plant and equipment	(2,622)	(3,915)	(267)	(525)
Proceeds from sale of property, plant and equipment	13	9	1,153	-
Dividends received	-	-	2,000	3,000
Net cash (used in) / generated from investing activities	(2,945)	(4,063)	2,577	2,352
Cash flows from financing activities				
Proceeds from issue of ordinary shares	127	337	127	337
Proceeds from issue of new loans	2,238	5,844	600	1,564
Repayment of borrowings	(2,502)	(6,385)	(1,448)	(5,518)
Issue / (repayment) of inter-company loans	-	-	-	1,880
Purchase of LTIP investments	-	(112)	-	-
Dividends paid to shareholders	(697)	(677)	(697)	(677)
Net cash used in financing activities	(834)	(993)	(1,418)	(2,414)
Net decrease in cash and cash equivalents	(1,409)	(3,242)	(889)	(2,406)
Effect of exchange rate fluctuations on cash held	(148)	53	(63)	7
Net decrease in cash and cash equivalents	(1,557)	(3,189)	(952)	(2,399)
Cash and cash equivalents at the start of the period	2,249	5,438	1,209	3,608
Cash and cash equivalents at the end of the period	692	2,249	257	1,209
Cash and cash equivalents consists of:				
Cash at bank and in hand	692	2,249	257	1,209

STATEMENT OF CHANGES IN EQUITY

Group	Share capital £'000	Share premium £'000	Translation reserve £'000	Own shares £'000	Retained earnings (restated) £'000	Total (restated) £'000
31 March 2012	2,119	575	273	(226)	19,226	21,967
Profit for the period (restated)	-	-	-	-	872	872
Exchange differences	-	-	(17)	-	-	(17)
Actuarial gains on retirement benefit liabilities (net of deferred tax) (restated)	-	-	-	-	(2,276)	(2,276)
Other comprehensive income tax	-	-	-	-	176	176
Total other comprehensive income	-	-	(17)	-	(2,100)	(2,117)
Dividends paid	-	-	-	-	(677)	(677)
Share based payment charge	-	-	-	-	67	67
Proceeds from issue of ordinary shares	98	239	-	-	-	337
Distribution of own shares	-	-	-	236	(236)	-
Consideration paid for own shares	-	-	-	(112)	-	(112)
Total contributions by and distributions to owners of the Group	98	239	-	124	(846)	(385)
At 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)
At 29 March 2014	2,243	915	311	(102)	16,907	20,274

The Consolidated Statement of Changes in Equity has been restated to reflect the impact of amendments to IAS 19.

STATEMENT OF CHANGES IN EQUITY

(CONTINUED)

Company	Share capital £'000	Share premium £'000	Retained earnings (restated) £'000	Total (restated) £'000
At 31 March 2012	2,119	575	13,644	16,338
Profit for the period (restated)	-	-	2,517	2,517
Actuarial gains on retirement benefit liabilities (net of deferred tax) (restated)	-	-	(2,276)	(2,276)
Other comprehensive income tax	-	-	176	176
Total other comprehensive income	-	-	(2,100)	(2,100)
Dividends paid	-	-	(677)	(677)
Share based payment charge	-	-	67	67
Proceeds from issue of ordinary shares	98	239	-	337
Distribution of own shares	-	-	(236)	(236)
Total contributions by and distributions to owners of the Group	98	239	(846)	(509)
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)
At 29 March 2014	2,243	915	13,391	16,549

The Statement of Changes in Equity has been restated to reflect the impact of amendments to IAS 19.

NOTES TO THE FINANCIAL STATEMENTS

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 accounting period ending 29 March 2014, (2013: 52 week accounting period ended 30 March 2013).

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.

The 2013 Statement of Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity have been restated for the retrospective application of IAS 19 Revised (see note 17).

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

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

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, on the basis of its statutory structure. 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 two of the operating segments reported separately in the past are to be merged into one operating segment. Speciality Papers and Converting will be merged into one operating segment referred to as Paper Products for management and reporting purposes 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. This Policy was adopted for the first time in the period ended 27 March 2010.

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 yrs
Computer software	3 - 10 yrs
Emission Allowances	0 - 1 yr

(refer to note Emissions trading scheme for policy)

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 yrs
Plant and machinery	4 - 20 yrs

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. Up until the 31 December 2012 the Group's emissions were in line with its permitted EUETS allowance and hence there was no impact on profit. After entering phase 3 of the EUETS annual emissions in a calendar year are now expected to exceed allowances received and the impact is taken to the SCI under "Other expenses". At 29 March 2014 the intangible asset was valued at £87,000 (2013 £Nil) and the associated liability at £73,000 (2013 £14,000). The liability is categorised under current liabilities.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

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 except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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 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 section (ix) 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 29 March 2014 but are not yet effective, and therefore have not yet been adopted by the Group.

Amendments to IAS 32 'Offsetting Financial Assets and Financial Liabilities' is applicable from January 2014. This amendment clarifies the application of the offsetting rules, however this is not anticipated to have a significant impact on the financial statements.

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.

Amendments to IAS 19 'Employee benefits' is applicable from January 2014. 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 business segments, on the basis of its statutory structure, 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.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

2 SEGMENTAL REPORTING

Operating Segments

Period ended 29 March 2014

	Speciality Papers	Converting	Eliminations	James Cropper Paper Products	Technical Fibre Products	Group Services	Other	Eliminations	Continuing Operations
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Revenue									
- External	57,797	13,674	-	71,471	13,047	-	-	-	84,518
- Inter-segment	4,035	1,044	(5,079)	-	-	-	-	-	-
	61,832	14,718	(5,079)	71,471	13,047	-	-	-	84,518
Segment Profit									
Trading Operating Profit before Interest	348	1,675	-	2,023	1,278	(734)	-	(22)	2,545
IAS 19 Pension adjustments to profit	-	-	-	-	-	(307)	-	-	(307)
Operating Profit	348	1,675	-	2,023	1,278	(1,041)	-	(22)	2,238
Interest Expense									(927)
Interest Income									2
Profit before tax									1,313
Tax on profit for year									58
Profit for the year									1,371
Total Assets	34,897	13,171	-	48,068	23,801	42,204	1,749	(63,217)	52,605
Total Liabilities	(28,471)	(9,989)	-	(38,460)	(22,025)	(25,656)	(102)	53,912	(32,331)

Period ended 30 March 2013

	Speciality Papers	Converting	Eliminations	James Cropper Paper Products	Technical Fibre Products	Group Services	Other	Eliminations	Continuing Operations (restated)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Revenue									
- External	54,140	12,502	-	66,642	12,599	-	-	-	79,241
- Inter-segment	3,559	1,205	(4,764)	-	-	-	-	-	-
	57,699	13,707	(4,764)	66,642	12,599	-	-	-	79,241
Segment Profit									
Trading Operating Profit before Interest	697	982	-	1,679	1,450	(594)	-	-	2,535
IAS 19 Pension adjustments to profit	-	-	-	-	-	(426)	-	-	(426)
Operating Profit	697	982	-	1,679	1,450	(1,020)	-	-	2,109
Interest Expense									(872)
Interest Income									9
Profit before tax									1,246
Tax on profit for year									(374)
Profit for the year									872
Total Assets	34,592	11,557	-	46,149	22,037	40,236	1,749	(59,496)	50,675
Total Liabilities	(27,521)	(8,750)	-	(36,271)	(20,196)	(23,990)	(101)	50,220	(30,338)

The Group's manufacturing operations are principally based in the UK. The sales analysis in the table below is based on the location of the customer.

Geographical areas

	UK	Europe	Asia	The Americas	Australasia	Africa	Continuing operations
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Period ended 29 March 2014	42,652	16,943	6,939	15,377	2,214	393	84,518
Period ended 30 March 2013	40,060	17,306	6,885	13,357	1,206	427	79,241

3 FINANCE COSTS

Interest expense

	2014	2013 (restated)
	£'000	£'000
Interest payable on bank borrowings	249	354
Interest payable on finance leases	210	138
Expected return on pension scheme assets	(3,459)	(3,447)
Interest on pension scheme liabilities	3,927	3,827
Total interest expense	927	872

Interest income

	2014	2013 (restated)
	£'000	£'000
Interest receivable on bank borrowings	1	8
Other Interest received	1	1
Total interest income	2	9
Finance costs – net	925	863

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

4 PROFIT BEFORE TAX

	2014 £'000	2013 £'000
The following items have been charged / (credited) in arriving at profit before tax:		
Staff costs	21,149	20,296
Depreciation of property, plant and equipment		
- owned assets	1,994	2,113
- leased assets	400	369
- amortisation of intangibles	261	336
Loss on disposal of fixed assets	27	12
Other operating lease rentals payable		
- plant & machinery	322	368
Repairs and maintenance expenditure on property, plant and equipment	4,024	3,760
Research & development tax credits	(119)	-
Government grants received	(188)	(185)
Research and development expenditure	1,194	934
Foreign exchange differences	367	(178)
Trade receivables impairment	17	99

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:

	2014 £'000	2013 £'000
Audit Services		
- Fees payable to the Company's auditor for the audit of Parent Company and consolidated accounts	17	17
Other services		
- 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)	42	41
- Fees in respect of risk assessment undertaken for TFP Ltd	75	-
- Fees in respect of other accountancy matters	9	5
- Fees in respect of other assurance services	2	20
- Tax advisory services	9	4
	154	87

5 TAXATION

Analysis of charge in the period

	Note	2014 £'000	2013 £'000
Continuing operations			
Current tax		570	608
Adjustments in respect of prior period current tax		(52)	(81)
Total current tax		518	527
Deferred tax		(161)	(162)
Adjustments in respect of prior period deferred tax		(135)	115
Effects of changes in tax rate		(280)	(106)
Total deferred tax	18	(576)	(153)
Taxation		(58)	374

Tax on items charged to equity

Deferred tax on actuarial gains on retirement benefit liabilities	(53)	533
Deferred tax on share options	361	-
Income tax charged to OCI	67	176

The tax for the period is lower (2013: lower) from the standard rate of corporation tax in the UK of 23% (2013: 24%).

The differences are explained below:

	2014 £'000	2013 £'000
Profit before tax	1,313	1,246
Profit on ordinary activities multiplied by rate of corporation tax in the UK of 23% (2013: 24%)	302	299
Effects of:		
Adjustments to tax in respect of prior period	(187)	34
Overseas tax	56	111
Expenses not deductible for tax purposes	71	36
Rate change on deferred tax	(280)	(106)
Other	(20)	-
Total tax (credit) / charge for the period	(58)	374

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

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.

Group	2014			2013 (restated)		
	Earnings £'000	Weighted average number of shares '000	Per-share amount pence	Earnings £'000	Weighted average number of shares '000	Per-share amount pence
Basic EPS						
Earnings attributable to ordinary shareholders	1,371	8,904	15.4	872	8,619	10.1
Effect of dilutive securities						
Options	-	235	-	-	142	-
Diluted EPS	1,371	9,139	15.0	872	8,761	10.0

7 DIVIDENDS

	2014 £'000	2013 £'000
Final paid for the period ended 30 March 2013 / period ended 31 March 2012	501	483
Interim paid for the period ended 29 March 2014 / period ended 30 March 2013	196	193
Final dividend payment paid pence per share for the period ended 30 March 2013 / period ended 31 March 2012	5.7	5.7
Interim dividend payment paid pence per share for the period ended 29 March 2014 / period ended 30 March 2013	2.2	2.2

In addition, the Directors are proposing a final dividend in respect of the financial period ended 29 March 2014 of 5.7p per share (2013: 5.7p per share) which will absorb an estimated £508,000 (2013: £502,000) of shareholders' funds. If approved by members at the Annual General Meeting, it will be paid on 8 August 2014 to shareholders who are on the register of members at 11 July 2014. 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

	Computer Software £'000	Group Trade Secrets £'000	Emission Allowances £'000	Total £'000	Computer Software £'000	Company Emission Allowances £'000	Total £'000
Cost							
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
Aggregate amortisation							
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
Net book value at 29 March 2014	318	75	87	480	238	87	325
Net book value at 30 March 2013	400	115	-	515	293	-	293

	Computer Software £'000	Group Trade Secrets £'000	Emission Allowances £'000	Total £'000	Computer Software £'000	Company Emission Allowances £'000	Total £'000
Cost							
At 31 March 2012	3,550	308	2,400	6,258	3,461	2,400	5,861
Additions – externally generated	157	-	-	157	123	-	123
Effects of movements in foreign exchange	7	-	-	7	-	-	-
At 30 March 2013	3,714	308	2,400	6,422	3,584	2,400	5,984
Aggregate amortisation							
At 31 March 2012	3,003	168	2,144	5,315	2,995	2,143	5,138
Charge for Period	311	25	256	592	296	257	553
At 30 March 2013	3,314	193	2,400	5,907	3,291	2,400	5,691
Net book value at 30 March 2013	400	115	-	515	293	-	293
Net book value at 31 March 2012	547	140	256	943	466	257	723

The computer software capitalised principally relates to the ongoing development of the Group's Enterprise Resource Planning and Financial systems. The remaining amortisation period of the assets at the period end is 1 year (2013: 2 years). 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 7 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 5 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.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

9 PROPERTY PLANT AND EQUIPMENT

Group	Freehold land & buildings £'000	Plant & machinery £'000	Total £'000
Cost			
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
Accumulated Depreciation			
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
Net book value at 29 March 2014	5,067	16,227	21,294
Net book value at 30 March 2013	5,088	16,131	21,219
	Freehold land & buildings £'000	Plant & machinery £'000	Total £'000
Cost			
Brought forward at 31 March 2012	10,319	71,596	81,915
Additions at cost	523	3,392	3,915
Disposals	-	(1,220)	(1,220)
Effects of movements in foreign exchange	-	59	59
At 30 March 2013	10,842	73,827	84,669
Accumulated Depreciation			
Brought forward at 31 March 2012	5,499	56,668	62,167
Charge for Period	255	2,227	2,482
Disposals	-	(1,199)	(1,199)
At 30 March 2013	5,754	57,696	63,450
Net book value at 30 March 2013	5,088	16,131	21,219
Net book value at 31 March 2012	4,820	14,928	19,748

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

	Group		Company	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Brought forward Net book value	6,801	2,893	2,049	2,185
Additions in period	573	4,277	-	-
Reclassification to assets owned	(1,146)	-	(1,146)	-
Depreciation in period	(400)	(369)	(92)	(136)
Net book value	5,828	6,801	811	2,049

Company	Freehold land & buildings £'000	Plant & machinery £'000	Total £'000
Cost			
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
Accumulated Depreciation			
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
Net book value at 29 March 2014	1,250	871	2,121
Net book value at 30 March 2013	1,033	2,134	3,167
	Freehold land & buildings £'000	Plant & machinery £'000	Total £'000
Cost			
Brought forward at 31 March 2012	863	4,794	5,657
Additions at cost	504	21	525
Disposals	-	(479)	(479)
At 30 March 2013	1,367	4,336	5,703
Accumulated Depreciation			
Brought forward at 31 March 2012	321	2,461	2,782
Charge for Period	13	220	233
Disposals	-	(479)	(479)
At 30 March 2013	334	2,202	2,536
Net book value at 30 March 2013	1,033	2,134	3,167
Net book value at 31 March 2012	542	2,333	2,875

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

10 INVESTMENTS

Investments in subsidiary undertakings

	Group		Company	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
At 29 March 2014 and 30 March 2013	-	-	7,350	7,350

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

	Country of incorporation	% holding (of ordinary shares)	Nature of business
James Cropper Speciality Papers Limited	England	100	Manufacture of specialist paper and boards
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

	Group	
	2014 £'000	2013 £'000
Materials	8,052	6,826
Work in progress	1,122	1,174
Finished goods	4,126	3,848
	13,300	11,848

Inventories are stated after a provision for impairment of £96,000 (2013: £110,000).

The cost of inventories recognised as expenses and included in cost of sales for the year ended 29 March 2014 was £68,242,000 (2013: £64,260,000).

The Company does not have inventories.

12 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Trade receivables	15,059	13,473	-	-
Less: Provision for impairment of receivables	(79)	(200)	-	-
Trade receivables – net	14,980	13,273	-	-
Amounts owed by group undertakings	-	-	29,004	27,014
Other receivables	77	701	77	701
Prepayments	962	870	519	501
	16,019	14,844	29,600	28,216

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	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Trade payables	3,152	2,499	588	446
Amounts owed to Group undertakings	-	-	8,851	9,696
Other tax and social security payable	428	410	95	67
Other payables	314	238	291	204
Accruals	5,615	4,991	603	725
	9,509	8,138	10,428	11,138

14 OTHER FINANCIAL LIABILITIES

	2014 £'000	2013 £'000
Interest rate swap	11	32

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 £21,000 (2013: loss £2,000).

15 BORROWINGS

	Note	Group		Company	
		2014 £'000	2013 £'000	2014 £'000	2013 £'000
Current					
Bank loans and overdrafts due within one year or on demand:					
Unsecured bank loans		2,110	2,979	1,220	1,100
Secured finance lease		930	1,034	108	318
	16.3	3,040	4,013	1,328	1,418
Non-current loans					
Unsecured bank loans		4,302	3,491	2,000	2,650
Secured finance lease		3,626	4,031	243	351
	16.3	7,928	7,522	2,243	3,001

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 lease payments	Interest	Principal	Minimum lease payments	Interest	Principal
	2014 £'000	2014 £'000	2014 £'000	2013 £'000	2013 £'000	2013 £'000
Group						
Within one year	1,106	176	930	1,226	192	1,034
Greater than one year and less than 5 years	3,477	314	3,163	4,002	404	3,598
Greater than 5 years	469	6	463	439	6	433
Company						
Within one year	128	20	108	351	33	318
Greater than one year and less than 5 years	273	30	243	379	49	330
Greater than 5 years	-	-	-	21	-	21

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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:

	Note	Group		Group	
		Book value 2014 £'000	Fair value 2014 £'000	Book value 2013 £'000	Fair value 2013 £'000
Financial assets					
Current					
Trade receivables	12	15,059	14,980	13,473	13,273
Cash and cash equivalents		692	692	2,249	2,249
		15,751	15,672	15,722	15,522
Financial liabilities					
Current					
Trade payables	13	3,152	3,152	2,499	2,499
Short term borrowings	15	3,040	3,040	4,013	4,013
		6,192	6,192	6,512	6,512
Non-current					
Long term borrowings	15	7,929	7,929	7,522	7,522
	Note	Company		Company	
		Book value 2014 £'000	Fair value 2014 £'000	Book value 2013 £'000	Fair value 2013 £'000
Financial assets					
Current					
Cash and cash equivalents		257	257	1,209	1,209
		257	257	1,209	1,209
Non current					
Investments in subsidiary undertakings	10	7,350	7,350	7,350	7,350
Financial liabilities					
Current					
Trade payables	13	588	588	446	446
Short term borrowings	15	1,328	1,328	1,418	1,418
		1,916	1,916	1,864	1,864
Non-current					
Long term borrowings	15	2,243	2,243	3,001	3,001

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 uninsured 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 29 March 2014 were:

	2014 £'000	2013 £'000
James Cropper Speciality Papers	10,355	8,501
James Cropper Converting	2,192	2,681
Technical Fibre Products	2,433	2,091
	14,980	13,273

The Company does not have trade receivables.

The ageing of trade receivables at the reporting date was:

	2014 £'000	2013 £'000
Not past due	12,288	13,233
Past due 0 - 30 days	2,771	201
Past due 31 - 60 days	-	12
Over 61 days	-	27
	15,059	13,473
Less impairment	(79)	(200)
	14,980	13,273

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.

Group	2014 £'000	2013 £'000
Balance at start of period	200	100
(Released) / created during the period	(21)	118
Utilised during the period	(100)	(18)
Balance at end of period	79	200

Included in the outstanding trade receivables balance are debtors with an overdue amount of £2,692,000 (2013: £40,000) 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.

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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 29 March 2014, was as follows:

Group	Finance lease			Finance lease		
	Debt 2014	obligations 2014	Total 2014	Debt 2013	obligations 2013	Total 2013
	£'000	£'000	£'000	£'000	£'000	£'000
In less than one year	2,110	930	3,040	2,979	1,227	4,206
In more than one year but not more than two years	1,191	894	2,085	1,941	988	2,929
In more than two years but not more than five years	3,101	2,268	5,369	1,550	3,013	4,563
In more than five years	10	465	475	-	439	439
	6,412	4,557	10,969	6,470	5,667	12,137

Company	Finance lease			Finance lease		
	Debt 2014	obligations 2014	Total 2014	Debt 2013	obligations 2013	Total 2013
	£'000	£'000	£'000	£'000	£'000	£'000
In less than one year	1,220	108	1,328	1,100	350	1,450
In more than one year but not more than two years	1,220	243	1,463	1,100	128	1,228
In more than two years but not more than five years	780	-	780	1,550	252	1,802
In more than five years	-	-	-	-	21	21
	3,220	351	3,571	3,750	751	4,501

Trade payables

Trade payables at the reporting date was:

	Group		Company	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Trade payables at the reporting date was	3,152	2,499	588	446
Total contractual cash flows	3,152	2,499	588	446

Borrowing facilities

The Group has the following undrawn committed borrowing facilities available at 29 March 2014:

	Group		Group	
	at 29 March 2014		at 30 March 2013	
	Floating rate		Floating rate	
	£'000		£'000	
Expiring within one year (renewable annually)	4,084		4,753	

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

	Group		Company	
	at 29 March 2014	at 30 March 2013	at 29 March 2014	at 30 March 2013
	£'000	£'000	£'000	£'000
May 2013	-	1,642	-	-
December 2014	769	1,078	-	-
September 2015	1,050	1,650	1,050	1,650
June 2016	1,803	-	-	-
July 2016	569	-	-	-
April 2017	1,200	2,100	1,200	1,600
March 2018	400	-	400	500
January 2019	570	-	570	-
August 2019	33	-	-	-
November 2019	18	-	-	-
	6,412	6,470	3,220	3,750

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 29 March 2014.

	USD	Euro	RMB	GBP	Total
	£'000	£'000	£'000	£'000	£'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)
Net exposure	144	2,713	119	(1,424)	1,552

At the 30 March 2013 the Group's exposure to foreign currency risk was as follows:

	USD	Euro	GBP	Total
	£'000	£'000	£'000	£'000
Trade Receivables	2,904	2,483	7,886	13,273
Cash and cash equivalents	699	49	1,501	2,249
Trade Payables	(264)	(507)	(1,728)	(2,499)
Unsecured current loans	(1,879)	-	(1,100)	(2,979)
Finance lease current	-	-	(1,034)	(1,034)
Unsecured non-current loans	(841)	-	(2,650)	(3,491)
Finance lease non-current	-	-	(4,031)	(4,031)
Net exposure	619	2,025	(1,156)	1,488

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

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16.4 CURRENCY RISK (continued)

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)
Net exposure	481	3	(4,386)	(3,902)

At the 30 March 2013 the Company's exposure to foreign currency risk was as follows:

	USD £'000	Euro £'000	GBP £'000	Total £'000
Cash and cash equivalents	18	26	1,165	1,209
Trade Payables	(3)	-	(443)	(446)
Unsecured current loans	-	-	(1,100)	(1,100)
Finance lease current	-	-	(318)	(318)
Unsecured non - current loans	-	-	(2,650)	(2,650)
Finance lease non - current	-	-	(351)	(351)
Net exposure	15	26	(3,697)	(3,656)

A one percent strengthening of the pound against the Euro and the US Dollar at 29 March 2014 would have had the following impact on equity and profit by the amounts shown below.

Group		Equity £'000	SCI £'000
29 March 2014	USD	(1)	(25)
29 March 2014	Euro	(27)	(27)
30 March 2013	USD	(6)	(26)
30 March 2013	Euro	(20)	(20)
Company		Equity £'000	SCI £'000
29 March 2014	USD	(5)	Nil
29 March 2014	Euro	(0)	Nil
30 March 2013	USD	Nil	Nil
30 March 2013	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 will mature in January 2015. Under the swap the maximum base rate the Group will pay on bank borrowings of up to £3m is 0.96%. 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:

The net exposure to interest rates at the balance sheet date can be summarised as follows:

	Group 2014 £'000	Group 2013 £'000	Company 2014 £'000	Company 2013 £'000
Interest bearing liabilities - floating				
Borrowings	6,360	6,470	3,220	3,750
Finance lease	2,809	3,382	-	92
	9,169	9,852	3,220	3,842
Interest bearing liabilities - fixed				
Borrowings	52	-	-	-
Finance lease	1,748	1,683	351	577
Interest bearing liabilities	10,969	11,535	3,571	4,419

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

	2014 %	2013 %
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 £62,000 for the Group and £2,000 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
29 March 2014	62	2
30 March 2013	69	8

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	
	2014 £'000	2013 £'000
Defined contribution schemes	370	318
Personal pension contributions	19	21

Other pension costs totalled £359,000 (2013: £467,000) and represent life assurance charges and government pension protection fund levies.

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17 RETIREMENT BENEFITS (continued)

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 29 March 2014 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	
	2014 %	2013 %	2014 %	2013 %
Inflation assumption	3.3	3.3	3.3	3.3
Rate of increase in pensionable salaries	2.0	2.0	2.0	2.0
Discount rate	4.5	4.7	4.5	4.7
Allowance for pension in payment increases of RPI or 5% p.a. if less (subject to minimum of 3% p.a.)	3.5	3.5	3.5	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	2.3	2.5	2.3	2.4

In respect of mortality for the Works members the assumptions adopted at 29 March 2014 are 145% of the standard tables S1PxA, with no age rating, projected using CMI_2013 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_2013 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.

Following the revisions to IAS 19, we have restated our prior period results to reflect the changes. The most notable change resulting from IAS 19 Revised which impacts the Group is the requirement for expected returns on pension plan assets, previously calculated based on management's estimate of expected returns, to be replaced by a credit on pension plan assets calculated at the liability discount rate.

Impact on prior year of IAS 19 Revised:

	2013 as Originally reported £'000	2013 (restated) £'000	SOCI impact £'000
Operating Profit	2,109	2,109	-
Finance costs	(290)	(863)	(573)
Profit before tax	1,819	1,246	(573)
Taxation	(374)	(374)	-
Profit for the period	1,445	872	(573)
Earnings per share – basic	16.8p	10.1p	(6.7p)
Earnings per share – diluted	16.5p	10.0p	(6.5p)

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

	2014 £'000	2013 £'000	2012 £'000	2011 £'000	2010 £'000
Present value of scheme liabilities	(85,482)	(85,112)	(78,005)	(69,593)	(78,130)
Fair value of plan assets	73,842	74,759	70,307	68,189	63,950
Net liability recognised in the SFP	(11,640)	(10,353)	(7,698)	(1,404)	(14,180)

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

	Staff Scheme		Works Scheme	
	2014 %	2013 %	2014 %	2013 %
Equities	74	71	81	80
Annuities	5	6	-	-
Cash	-	1	-	-
Nominal Liability Strategy	21	22	19	20

The pension plan assets do not include any investments in the shares of the Company (2013: nil).

The amounts recognised in the Statement of Comprehensive Income are as follows:

	2014 £'000	2013 (restated) £'000
Total included within employee benefit costs - current service cost	969	1,163
Expected return on plan assets	(3,459)	(3,447)
Interest on pension scheme liabilities	3,927	3,827
Total included within interest	468	380
Total	1,437	1,543

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

	2014 £'000	2013 (restated) £'000
At brought forward	(10,353)	(7,698)
Total expense as above	(1,437)	(1,543)
Contributions paid	1,515	1,697
Actuarial losses recognised in SCI	(1,365)	(2,809)
At 29 March 2014	(11,640)	(10,353)

The actual return on plan assets was a deficit of £371,000 (2013: £5,302,000). The Company expects to pay £667,000 (2013: £749,000) in contributions to the Staff Scheme and £950,000 (2013: £829,000) in contributions to the Works Scheme in the next financial period.

The cumulative amount of gains/losses recognised in the Statement of Comprehensive Income since the adoption of IAS 19 are losses of £12,572,000 (2013: losses of £11,207,000).

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17 RETIREMENT BENEFITS (continued)

	Works Scheme 2014		Staff Scheme 2014		Works Scheme 2013 (restated)		Staff Scheme 2013 (restated)	
	Assets £'000	DBO £'000	Assets £'000	DBO £'000	Assets £'000	DBO £'000	Assets £'000	DBO £'000
Brought forward	37,548	(45,027)	37,211	(40,085)	35,922	(41,037)	34,385	(36,968)
Expected return on assets	1,744	-	1,715	-	1,765	-	1,682	-
Current service costs	-	(527)	-	(442)	-	(679)	-	(484)
Benefits paid	(1,159)	1,159	(1,392)	1,392	(1,505)	1,505	(1,587)	1,587
Contributions by plan participants	305	(305)	185	(185)	334	(334)	211	(211)
Employer contributions	784	-	731	-	893	-	804	-
Interest cost	-	(2,086)	-	(1,841)	-	(2,019)	-	(1,808)
Actuarial (losses) / gains	(1,618)	768	(2,212)	1,697	139	(2,463)	1,716	(2,201)
At 29 March 2014 / 30 March 2013	37,604	(46,018)	36,238	(39,464)	37,548	(45,027)	37,211	(40,085)

Experience adjustments

	2014 £'000	2013 (restated) £'000	2012 £'000	2011 £'000	2010 £'000
Arising on plan assets	(3,830)	1,855	(1,759)	112	12,544
Percentage of scheme assets	(5.19%)	2.48%	(2.50%)	0.20%	19.60%
Arising on plan liabilities	2,621	(143)	-	2,717	(15)
Percentage of scheme liabilities	3.07%	(0.17%)	-	3.90%	-

18 DEFERRED TAXATION

The movement on the deferred tax account is shown below:

	Group		Company	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
At 30 March 2013	(64)	(750)	2,007	1,437
Deferred tax on actuarial gains on retirement liabilities	(53)	533	(53)	533
Deferred tax on share options recognised in OCI	361	-	361	-
SCI credit / (charge)	576	153	237	37
At 29 March 2014	820	(64)	2,552	2,007

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 £1,257,000 (2013: £1,152,000), tax at 23% of £289,000 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 30 March 2013	(2,854)	409	(2,445)
SCI credit	537	39	576
Deferred tax on share options recognised in OCI	-	361	361
At 29 March 2014	(2,317)	809	(1,508)

Deferred tax assets

	Pension £'000	Total £'000
At 30 March 2013	2,381	2,381
Deferred tax on actuarial gains on retirement liabilities	(53)	(53)
At 29 March 2014	2,328	2,328

	Total £'000
Net deferred tax asset	820

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the Company's future current tax charge accordingly. The deferred tax balances at 29 March 2014 have been calculated based on the rate of 20% substantively enacted at the balance sheet date.

19 CALLED UP EQUITY SHARE CAPITAL

Group and Company

	2014 £'000	2013 £'000
Authorised		
10,000,000 (2013: 10,000,000) ordinary shares of 25p each	2,500	2,500
Issued and fully paid		
	Number of Ordinary shares	£'000
At 30 March 2013	8,866,347	2,217
Issued during the period	104,803	26
At 29 March 2014	8,971,150	2,243

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 213,062 25p ordinary shares by 2016 (2013: 204,324 25p ordinary shares by 2016). There were no share options exercised in the period (2013: 120,000 were exercised). Further information on Directors share options can be seen in the Directors Remuneration Report.

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19 CALLED UP EQUITY SHARE CAPITAL (continued)

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	Sep 10 3 year scheme	Sep 10 5 year scheme	Sep 13 3 year scheme	Sep 13 5 year scheme
Fair value per option	23p	42p	46p	57p	71p
Date of grant	18 August 2009	30 September 2010	30 September 2010	01 September 2013	01 September 2013
Exercise Price	85p	130p	130p	199.52p	199.52p
Market Price at date of grant	112p	163p	163p	313.5p	313.5p
Volatility	27%	35%	35%	26%	26%
Net dividend yield	6%	4%	4%	3%	2%
Term of option	5.25 years	3.25 years	5.25 years	3.25 years	5.25 years
Risk free rate of interest	2.8%	0.9%	1.6%	0.8%	1.5%

During the period 104,803 options were exercised (2013: 390,680 options were exercised).

20 EMPLOYEES AND DIRECTORS

Staff costs during the period

Note	Group		Company	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Wages and salaries	17,806	16,826	2,208	2,180
Social Security costs	1,625	1,502	234	214
Pension costs	17	1,968	547	705
	21,149	20,296	2,989	3,099

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

	2014 Number	2013 Number
James Cropper Paper Products	362	354
Technical Fibre Products	91	91
James Cropper plc Company	65	60
	518	505

21 COMMITMENTS UNDER OPERATING LEASES

Group

	2014 Property £'000	2014 Plant & machinery £'000	2013 Property £'000	2013 Plant & machinery £'000
Commitments under non-cancellable operating leases expiring:				
Within one year	33	-	12	154
Later than one year and less than five years	45	505	191	471
After five years	1,199	-	1,468	-
	1,277	505	1,671	625

Company

	2014 Property £'000	2014 Plant & machinery £'000	2013 Property £'000	2013 Plant & machinery £'000
Commitments under non-cancellable operating leases expiring:				
Within one year	24	-	-	-
Later than one year and less than five years	-	505	118	471
	24	505	118	471

22 CAPITAL COMMITMENTS

	Group		Company	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Contracts placed for future capital expenditure not provided in the financial statements	90	90	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.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

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 £38,750 (2013: £35,000) annually to Mr J A 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 £76,231 (2013: £21,166) to Ellergreen Hydro, a company in which M A J Cropper is Managing Director, in the period for a maintenance project.

The Company also has the following transactions with related entities:

2014	Management charges £'000	Receivable / (Payable) £'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

2013	Management charges £'000	Receivable / (Payable) £'000	Loans and net intercompany funding £'000
James Cropper Speciality Papers Limited	3,519	1,518	13,880
James Cropper Converting Limited	711	205	4,787
Technical Fibre Products Limited	834	190	(3,363)
James Cropper EBT Limited	-	-	101
	5,064	1,913	15,405

SHAREHOLDERS INFORMATION

2013-2014

REPORTING

Interim Results announced and sent to

Ordinary Shareholders 12 November 2013

Final results announced 24 June 2014

Annual Report issued by 8 July 2014

Annual General Meeting - at Bryce Institute, Burneside, Kendal, Wednesday 30 July 2014 at 11.00am.

DIVIDENDS ON ORDINARY SHARES

Interim dividend paid on 10 January 2014 to Ordinary Shareholders registered on 13 December 2013.

Final dividend to be paid on 8 August 2014 to Ordinary Shareholders registered on 11 July 2014.

REGISTRARS

Capita Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU
Tel 0871 664 0300
www.capitaassetservices.com

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the one hundred and twenty-fifth annual general meeting of James Cropper plc (the “Company”) will be held at The Bryce Institute, Burneside, Kendal, Cumbria at 11.00am on Wednesday 30 July 2014 to consider and, if thought fit, pass the following resolutions of which resolutions 1 to 8 are being proposed as ordinary resolutions and resolutions 9 to 11 are being proposed as special resolutions:

1. To receive and consider the Statement of Accounts and Reports of the Directors and the Auditors for the 52 weeks ended 29 March 2014.
2. To declare a final dividend of 5.7p per share in respect of the ordinary shares in the Company payable on 8 August 2014 to all ordinary shareholders on the register at the close of business on 11 July 2014.
3. To re-elect Karl D Watson as a Director of the Company.
4. To re-elect Douglas Mitchell as a Director of the Company.
5. To re-elect David R Wilks as a Director of the Company.
6. To re-appoint KPMG LLP as auditors of the Company to hold office from the conclusion of the meeting until the next Annual General Meeting.
7. To authorise the Directors to agree the remuneration of the auditors of the Company.
8. To consider and approve the Directors’ Remuneration Report for the 52 weeks ended 29 March 2014.
9. That the Directors be authorised for the purpose of Section 551 of the Companies Act 2006 to allot shares in the Company or grant rights to subscribe for, or to convert any security into, shares in the Company up to an aggregate nominal amount of £257,213 provided that:
 - 9.1 except as provided in paragraph 10.2 below this authority shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution, or 15 months from the date of this resolution (whichever is earlier) but may be previously revoked or varied by an ordinary resolution of the Company; and

9.2 the Company may before such expiry make an offer or agreement which would or might require the allotment of shares in the Company or the grant of rights to subscribe for, or to convert any security into, shares in the Company after such expiry and the Directors may allot shares in the Company, or grant rights to subscribe for, or convert any security into, shares in the Company, in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

10. That subject to the passing of and pursuant to the general authority conferred by the resolution numbered 9 in the notice convening this meeting the Directors be empowered pursuant to Section 570 of the Companies Act 2006 (the “Act”) to allot equity securities (as defined in Section 560 of the Act) for cash, either pursuant to the authority so conferred or where the equity securities are held by the Company as treasury shares (within the meaning of Section 724(5) of the Act), as if Section 560 of the Act did not apply to any such allotment, provided that this power shall be limited to:-

10.1 the allotment of equity securities in connection with any rights or other pre-emptive issue in favour of the ordinary shareholders where the equity securities respectively attributable to the interests of all ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them on a fixed record date (but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or any legal or practical problems under the laws of any territory or the requirements of any regulatory body or stock exchange in any territory or any other matter whatsoever); and

10.2 otherwise than pursuant to paragraph (a) of this resolution, the allotment of equity securities up to an aggregate nominal amount of £224,279, and shall expire on the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or 15 months from the date of this resolution (whichever is earlier) except that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement as if the power conferred by this resolution had not expired.

11. That the Company be generally and unconditionally authorised for the purposes of Section 701 of the Companies Act 2006 (“the Act”) to make market purchases (within the meaning of Section 693(4) of the Act) on the London Stock Exchange of ordinary shares of 25p each in the capital of the Company either for cancellation or to hold as treasury shares (within the meaning of Section 724(5) of the Act) provided that:-

11.1 the maximum aggregate number of ordinary shares hereby authorised to be purchased is 1,345,673;

11.2 the maximum number of shares held in treasury will never exceed 10% of the issued share capital of the Company;

11.3 the minimum price which may be paid for such shares is 25p per ordinary share;

11.4 the maximum price which may be paid for such ordinary shares shall not be more than 5% above the average of the market values for an ordinary share as derived from the AIM appendix to the London Stock Exchange’s Daily Official List for the five business days immediately preceding the date on which the ordinary shares are purchased;

11.5 unless previously renewed, varied or revoked, the authority hereby conferred shall expire at the conclusion of the Company’s next Annual General Meeting or 15 months from the date of this resolution (whichever is earlier); and

11.6 the Company may make a contract or contracts to purchase ordinary shares under the authority conferred by this resolution prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority and may make a purchase of ordinary shares in pursuance of any such contract or contracts.

By order of the Board

D R Carey
Secretary
8 July 2014

Registered office:
Burneside Mills
Kendal
Cumbria
LA9 6PZ

Registered in England and Wales No. 30226

NOTES

The following notes explain your general rights as a shareholder and your right to attend and vote at this meeting or to appoint someone else to vote on your behalf.

1. Only those members registered in the Register of Members of the Company as at 6.00pm on 28 July 2014 shall be entitled to attend and vote at the meeting convened above in respect of the number of shares registered in their names at that time.

2. A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint another person as his proxy to exercise all or any of his rights to attend and to speak and vote at a meeting of the Company. Any such member may appoint more than one proxy provided that each proxy is appointed to exercise the rights attached to a different share or shares held by such member. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please photocopy the form of proxy and indicate in the box next to the proxy's name the number of shares in relation to which he or she is authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope. A proxy need not be a member of the Company. Appointing a proxy will not prevent a shareholder from attending in person and voting at the meeting. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the Chairman of the meeting) and give your instructions directly to that person.

3. A form of appointment of proxy is enclosed. If you return more than one proxy appointment, that received last by the registrar before the latest time for the receipt of proxies will take precedence.

4. The form of proxy includes a vote withheld option. Please note that a vote withheld is not a vote in law and will not be counted in the calculation of the proportion of votes for and against any particular resolution.

5. The appointment of a proxy and the original or duly certified copy of the power of attorney or other authority (if any) under which it is signed or authenticated should be deposited with the Company's registrar at the address shown on the proxy form not later than 11.00am on 28 July 2014 or 48 hours before the time for holding any adjourned meeting.

6. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

7. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via www.euroclear.com/CREST). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10 no later than 48 hours before the time set for the Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

8. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those Sections of the CREST Manual concerning practical limitations of the CREST system and timings.

9. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

10. As at 9.00am on 4 June 2014, being the last practicable day prior to the publication of this notice, the Company's issued share capital comprised 8,971,150 ordinary shares of 25p each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 9.00am on 4 June 2014, being the last practicable date prior to the publication of this notice is 8,971,150.

11. Copies of the contracts of service for Directors and a statement of Directors' interests are available for inspection during normal business hours at the registered office of the Company and they may be inspected at the place of the Annual General Meeting for at least 15 minutes prior to the meeting and at the meeting.

PRODUCTION

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