

GSE Lining Technology Limited

Company number 1786050

Director's Report and Financial Statements

Year Ended

31 December 2011

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GSE Lining Technology Limited

**Annual report and financial statements
for the year ended 31 December 2011**

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Director

B Richards

Registered office

49C Fordham Road, Soham, Ely, Cambridgeshire, CB7 5AH

Company number

1786050

Auditors

BDO LLP, Lockton House, Clarendon Road, Cambridge CB2 8FH

Bankers

Barclays Bank Plc, Trinity Way, Trinity Business Park, Chingford E4 9AY

Solicitors

Jarmans Solicitors, Bell House, Bell Road, Sittingbourne, Kent ME10 4DH

GSE Lining Technology Limited

Report of the director for the year ended 31 December 2011

The director presents his report together with the audited financial statements for the year ended 31 December 2011

Results and dividends

The profit and loss account is set out on page 5 and shows the profit for the year. The director does not recommend the payment of a dividend.

Principal activities and trading review

The principal activity during the year was the winding up of the operation and transfer of assets to other group companies. This included the disposal of business on January 1 2011 which resulted in a profit on disposal of £184,879. The company was non-trading as from this date, however the company made loans to related group companies during the course of the year which were interest bearing and which gave rise to gains on revaluation of the foreign currency loan balances.

Directors

The directors of the company during the year and subsequently were

D Jost	Resigned May 17, 2011
B Richards	Appointed May 13, 2011

Director's responsibilities

The director is responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the director to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing those financial statements, the director is required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business. As explained in note 1 to the financial statements, the director does not believe the going concern basis to be appropriate and these financial statements have not been prepared on that basis.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

GSE Lining Technology Limited

Report of the director for the year ended 31 December 2011

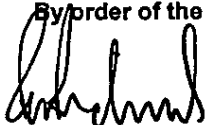
Auditors

The current director has taken all the steps that he ought to have taken to make himself aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The director is not aware of any relevant audit information of which the auditors are unaware.

In preparing the Director's report advantage has been taken of the small companies' exemption.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the Board



**B Richards
Director**

Date  14 December 2012

GSE Lining Technology Limited

Report of the Independent auditor

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GSE LINING TECHNOLOGY LIMITED

We have audited the financial statements of GSE Lining Technology Limited for the year ended 31 December 2011 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). As described in note 1, they have not been prepared on a going concern basis.

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

Respective responsibilities of directors and auditors

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

GSE Lining Technology Limited

Report of the independent auditor (*Continued*)

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit
- The directors were not entitled to prepare the directors' report in accordance with the small companies' regime

 BDO LLP

*Piers Harrison (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Cambridge*

Date 14 December 2012

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

GSE Lining Technology Limited

Profit and loss account for the year ended 31 December 2011

	Note	2011 £	2010 £
Turnover	2	-	7,679,086
Cost of sales		-	(6,732,355)
Gross profit		-	946,731
Selling and distribution costs		-	(140,964)
Administrative expenses (including exceptional items of £Nil (2010 - £908,968))		22,957	(1,612,417)
Operating profit/(loss)	3	22,957	(806,650)
Profit on disposal of business	18	184,879	-
Interest receivable	6	51,883	45,803
Interest payable	7	-	(25,752)
Profit / (Loss) on ordinary activities before taxation		259,719	(786,599)
Tax (charge)/credit on profit/loss on ordinary activities	8	(33,572)	42,506
Profit /(Loss) on ordinary activities after taxation	15	226,147	(744,093)

All amounts included in the operating profit/(loss) for the year relate to discontinued activities

All recognised gains and losses in the current and prior year are included in the profit and loss account

The notes on pages 7 to 14 form part of these financial statements

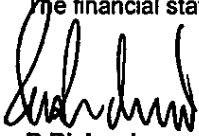
GSE Lining Technology Limited

Company number 1786050

Balance sheet at 31 December 2011

	Note	2011 £	2011 £	2010 £	2010 £
Fixed assets					
Tangible assets	9		122,795		198,310
Current assets					
Stocks	10	-		1,344,341	
Debtors – amounts due within one year	11	336,197		2,301,779	
Debtors – amounts due in more than one year	11	2,831,039		-	
Cash at bank and in hand		624,434		1,854,796	
		3,791,670		5,500,916	
Creditors: amounts falling due within one year	12	(952,662)		(2,963,570)	
Net current assets			2,839,008		2,537,346
Net assets			2,961,803		2,735,656
Capital and reserves					
Called up share capital	13		100,000		100,000
Profit and loss account	14		2,861,803		2,635,656
Shareholders' funds – all equity	15		2,961,803		2,735,656

The financial statements were approved by the Board of Directors and authorised for issue on 14th December 2012


B Richards
Director

The notes on pages 7 to 14 form part of these financial statements

GSE Lining Technology Limited

Notes forming part of the financial statements
for the year ended 31 December 2011

1 Accounting policies

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

The following principal accounting policies have been applied

Going concern

The financial statements have been prepared on a break up basis as the company had ceased trading at the balance sheet date and transferred all trade and related assets to a fellow group company on 1 January 2011. There is no effect of not preparing the financial statements on a going concern basis. At the year end the company has net assets of £2,975,356

Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts

Tangible fixed assets and depreciation

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

Long term leasehold property	- over period of lease
Office equipment	- 20 % - 33 % straight line
Computer equipment	- 20 % - 33 % straight line
Plant and machinery	- 9 % - 20 % straight line
Other item – Motor vehicles	- 33 % straight line

Operating leases

Annual rentals under operating leases are charged on a straight line basis over the lease term

Impairment of fixed assets

The need for any fixed asset impairment write down is assessed by comparison of the carrying value of the asset against the higher of realizable value and value in use. Since the company had ceased trading at the balance sheet date, all remaining fixed assets were written down to their estimated realizable values

Stocks and work in progress

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Costs include all direct costs and an appropriate proportion of fixed and variable overheads. Net realisable value is based on estimated selling price less additional costs for completion and disposal

GSE Lining Technology Limited

Notes forming part of the financial statements
for the year ended 31 December 2011 (Continued)

1 Accounting policies (Continued)

Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse. Deferred tax assets and liabilities are not discounted

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange gains and losses are recognised in the profit and loss account

Pensions

The company operated a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year

2 Turnover

A geographical analysis of turnover is as follows

	2011 £	2010 £
United Kingdom	-	5,978,927
Rest of World	-	1,700,159
	<hr/>	<hr/>
	-	7,679,086
	<hr/>	<hr/>

3 Operating profit/(loss)

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

	2011 £	2010 £
Auditor's remuneration – audit services	10,400	23,000
Depreciation of tangible fixed assets		
- owned by the company (Including impairment charge of £65,210 (2010: £85,995))	65,210	115,057
Operating lease rentals		
- Other operating leases	-	106,028
Difference on foreign exchange	(111,820)	(50,647)
Profit on disposal of fixed assets	(16,777)	-
	<hr/>	<hr/>

The company incurred exceptional costs in 2010 relating to the cessation of manufacturing operations and the transfer of the business to a fellow group company. These costs included legal and consultancy fees of £639,571, staff redundancy costs of £157,376, fixed asset impairment charges of £85,995 and Lease termination costs of £26,026

GSE Lining Technology Limited

Notes forming part of the financial statements
for the year ended 31 December 2011 (*Continued*)

4	Staff costs	2011	2010
		£	£

Staff costs, including directors' remuneration, were as follows

Wages and salaries	-	355,418
Redundancy costs	-	157,376
Social security costs	-	76,596
Other pension costs	-	13,061
	<u>-</u>	<u>602,451</u>

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

	2011	2010
	No.	No.
Production staff	-	7
Sales and administration	-	5
	<u>-</u>	<u>12</u>

5 Directors' remuneration

No Directors drew any emoluments from the company but were paid by the group company in Germany

During the year no retirement benefits were paid to directors in respect of money purchase pension schemes

6	Interest receivable	2011	2010
		£	£
	Group interest receivable	50,755	35,806
	Bank interest receivable	1,128	1,140
	Interest on tax refunds	-	8,857
		<u>51,883</u>	<u>45,803</u>
	Total interest receivable	<u>51,883</u>	<u>45,803</u>

7	Interest payable	2011	2010
		£	£
	Group interest payable	-	25,752
		<u>-</u>	<u>25,752</u>

GSE Lining Technology Limited

Notes forming part of the financial statements
for the year ended 31 December 2011 (*Continued*)

8 Taxation	2011 £	2010 £
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge/(credit) on profit/(loss) for the year	33,581	(43,075)
Adjustment in respect of previous periods	(9)	569
	<u>33,572</u>	<u>(42,506)</u>
Tax on profit on ordinary activities		
	<u>33,572</u>	<u>(42,506)</u>
Factors affecting tax charge for the year		
The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 26.5 % (2010 28%) The differences are explained below		
	2011 £	2010 £
Profit/(loss) on ordinary activities before tax	259,719	(786,599)
	<u>259,719</u>	<u>(786,599)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.5% (2010 28%)	68,825	(220,248)
Effects of:		
Profits not chargeable to tax	(53,439)	-
(Income)/Expenses not deductible for tax purposes	914	130,335
Tax on impairment on property	17,281	24,079
Depreciation for year in excess of capital allowances	-	22,759
Correction of prior year accrual	(9)	569
	<u>33,572</u>	<u>(42,506)</u>
Current tax charge/(credit) for the year		
	<u>33,572</u>	<u>(42,506)</u>

GSE Lining Technology Limited

Notes forming part of the financial statements
for the year ended 31 December 2011 (Continued)

9 Tangible assets

	Freehold Land and buildings £	Plant and machinery £	Motor vehicles £	Furniture, fittings and equipment £	Total £
<i>Cost or valuation</i>					
At 1 January 2011	296,000	1,966,466	15,057	362,430	2,639,953
Disposals	-	(49,195)	(15,057)	(362,430)	(426,682)
At 31 December 2011	296,000	1,917,271	-	-	2,213,271
<i>Depreciation</i>					
At 1 January 2011	107,995	1,966,466	15,057	352,125	2,441,643
Provided for the year	-	-	-	-	-
Impairment	65,210	-	-	-	65,210
Disposals	-	(49,195)	(15,057)	(352,125)	(416,377)
At 31 December 2011	173,205	1,917,271	-	-	2,090,476
<i>Net book value</i>					
At 31 December 2011	122,795	-	-	-	122,795
At 31 December 2010	188,005	-	-	10,305	198,310

The freehold land and buildings were re-valued by the director, based on updated advice by an independent surveyor, at £175,000 as of December 31 2011 (2010 £225,000) The estimated cost of refurbishment and sale at December 31 2011 is £52,205 (2010 £36,995)

10 Stocks

	2011 £	2010 £
Finished goods and goods for resale	-	1,344,341

All finished goods stocks were transferred in January 2011 to GSE Lining Technology GmbH at book value.

GSE Lining Technology Limited

Notes forming part of the financial statements
for the year ended 31 December 2011 (*Continued*)

11 Debtors

Debtors: amounts receivable within one year	2011 £	2010 £
Trade debtors	-	2,018,358
Amounts owed by group undertakings	223,096	129,763
Corporation tax	104,322	137,894
Prepayments and accrued income	8,779	15,764
	<u>336,197</u>	<u>2,301,779</u>

Debtors: amounts receivable after more than one year	2011 £	2010 £
Amounts owed by group undertakings	2,831,039	-
	<u>2,831,039</u>	<u>-</u>

12 Creditors: amounts falling due within one year

	2011 £	2010 £
Trade creditors	6,674	85,452
Amounts owed to group undertakings	908,172	2,718,865
Social security and other taxes	-	55,176
Accruals and deferred income	37,816	104,077
	<u>952,662</u>	<u>2,963,570</u>

GSE Lining Technology Limited

Notes forming part of the financial statements
for the year ended 31 December 2011 *(Continued)*

13 Share capital	2011 £	2010 £
Authorised, allotted, called up and fully paid 100,000 ordinary shares of £1 each	100,000	100,000
14 Reserves		Profit and loss account £
At 1 January 2011		2,635,656
Profit for the year		226,147
At 31 December 2011		2,861,803
15 Reconciliation of movement in shareholders' funds	2011 £	2010 £
Opening shareholders' funds	2,735,656	3,479,749
(Loss)/profit for the year	226,147	(744,093)
Closing shareholders' funds	2,961,803	2,735,656

GSE Lining Technology Limited

Notes forming part of the financial statements
for the year ended 31 December 2011 (Continued)

16 Related party transactions

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 "Related party disclosures" not to disclose transactions with members of the group headed by GSE Holding, Inc. on the grounds that all of the voting rights in the company are controlled within that group and the company is included in consolidated financial statements which are available to the public and can be obtained from the address stated in note 17

17 Ultimate parent undertaking and controlling party

The company's immediate parent undertaking is GSE (UK) Limited, a company registered in England and Wales. In the director's opinion, the company's ultimate parent undertaking and controlling party is GSE Holding Inc., which is incorporated in Delaware, United States of America. Copies of its group accounts, which include the company, are available from 19103 Gundle Road, Houston, Texas 77073, USA

18 Profit on disposal of business

In 2010 a decision was taken to cease manufacturing operations in UK and to service customers in the UK market by utilizing GSE Corporate resources in other parts of the world. Manufacturing operations ceased on 30 June 2010, and the company's trading activities and related assets and liabilities were transferred to GSE Lining Technology GmbH, a group company registered in Germany, on 1 January 2011. The proceeds on disposal were settled via the inter company balance between the two group companies. The result on disposal of its manufacturing operations and certain related assets has been calculated as follows

	£	£
Proceeds		1,537,474
Net assets disposed of		
Tangible fixed assets	8,254	
Stock	1,344,341	
	<hr/>	(1,352,595)
		<hr/>
Profit on disposal		184,879
		<hr/>