

Financial Statements

Silflex Limited

For the year ended 31 December 2012



Registered number: 2569811

Silflex Limited

Company Information

Directors	Mr MI Lloyd (chairman) Mrs MF Lloyd Mr AW Lloyd (appointed 6 April 2013)
Company secretary	Mr MS Lloyd
Registered number	2569811
Registered office	Summer Hill Works Powell Street Birmingham B1 3DH
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Colmore Plaza 20 Colmore Circus Birmingham B4 6AT

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Directors' Report

For the year ended 31 December 2012

The directors present their report and the financial statements for the year ended 31 December 2012

Principal activity

The principal activity of the company is the manufacture and sale of silicone flexible hoses and engineering products. There has been no significant change in the activity during the year.

Business review

The company grew its export markets further during the year, however this was not sufficient to compensate for a fall in domestic sales, resulting in a small fall in overall turnover of 4%. Whilst persistently high silicone costs and increased energy costs contributed to a fall in raw margins to 64% from 67% in the prior year, the business began to implement productivity improvements during the second half of the year, reducing direct labour numbers and limiting the fall in operating profitability.

The contribution of both management and employees to the results for the year is both recognised and appreciated.

The outlook for demand during 2013 is similar, however with the business benefiting from the full impact of productivity improvements begun during 2012, operating profits are expected to improve significantly.

Notes to key performance indicators

Raw margin is defined as turnover less change in stocks of finished goods and work in progress, less raw materials and consumables, expressed as a percentage of turnover.

Results and dividends

The profit for the year, after taxation, amounted to £84,448 (2011 - £152,302).

A final dividend of £10 per share amounting to £100,000 (2011 - £200,000) was declared on 31 December 2012.

Financial risk management objectives and policies

The company's principal financial instrument comprises a parent company loan account. The main purpose of this financial instrument is to finance the company's operations. The company has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations. The company does not enter into derivative transactions. It is and has been throughout the period under review, the company's policy that no trading in financial instruments shall be undertaken. The main risk arising from the company's financial instruments is credit risk. The board reviews and agrees policy for managing this risk and this is summarised below.

Credit risk

The company trades with only recognised, creditworthy third parties. It is the company policy that all customers who wish to trade on credit terms are subject to credit vetting procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the company's exposure to bad debts is not significant.

Directors' Report

For the year ended 31 December 2012

Directors

The directors who served the company were

Mr MI Lloyd (chairman)

Mrs MI Lloyd

Mr AW Lloyd (appointed 6 April 2013)

Directors' responsibilities statement

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

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

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

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

Directors' Report

For the year ended 31 December 2012

Provision of information to auditor

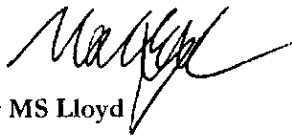
Each of the persons who are directors at the time when this directors' report is approved has confirmed that

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

Auditor

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

This report was approved by the board on 13 September 2013 and signed on its behalf



Mr MS Lloyd
Secretary



Independent Auditor's Report to the Members of Silflex Limited

We have audited the financial statements of Silflex Limited for the year ended 31 December 2012, 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).

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

Respective responsibilities of directors and auditor

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

Basis for qualified opinion on financial statements

As more fully explained in note 19 to the financial statements, the financial statements do not contain disclosures required under FRS 17 "Retirement Benefits" relating to the group's multi-employer pension scheme, in which the company participates. As no information is available to us in respect of assets and liabilities of the scheme at 31 December 2012, we have been unable to quantify the omissions. Whilst there is no direct relationship with the FRS 17 valuation, we are aware that at the last actuarial valuation prepared at 5 April 2010 the scheme has a surplus of assets over liabilities amounting to £80,000, and on 4 April 2013 the group made an additional contribution of £600,000 to ensure the scheme remained adequately funded. In our opinion a disclosure should be made for an asset or liability in accordance with FRS 17.

Qualified opinion on financial statements

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.



Independent Auditor's Report to the Members of Silflex Limited

Opinion on other matter 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

Matters on which we are required to report by exception

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

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

A handwritten signature in black ink, appearing to read "Gat Thh in up", which is a stylized or possibly misread version of "Grant Thornton in up".

David White (Senior Statutory Auditor)
for and on behalf of
Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor
Birmingham

13 September 2013

Profit and Loss Account

For the year ended 31 December 2012

	Note	2012 £	2011 £
Turnover	2	4,475,780	4,641,901
Change in stocks of finished goods and work in progress		(70,936)	48,918
Raw materials and consumables		(1,545,386)	(1,563,570)
Other external charges		(764,902)	(702,710)
Staff costs	3	(1,924,189)	(2,162,288)
Depreciation and amortisation		(59,581)	(71,905)
Operating profit	5	110,786	193,349
Interest receivable and similar income	6	159	124
Interest payable and similar charges	7	-	(22)
Profit on ordinary activities before taxation		110,945	193,451
Tax on profit on ordinary activities	8	(26,497)	(41,149)
Profit for the financial year	16	84,448	152,302

All amounts relate to continuing operations

There were no recognised gains and losses for 2012 or 2011 other than those included in the profit and loss account

The notes on pages 8 to 16 form part of these financial statements

Balance Sheet

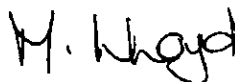
As at 31 December 2012

	Note	£	2012 £	£	2011 £
Fixed assets					
Tangible assets	9		159,140		187,884
Investments	10		1		1
			<u>159,141</u>		<u>187,885</u>
Current assets					
Stocks	11	643,411		778,248	
Debtors	12	1,811,539		1,787,963	
Cash at bank and in hand		24,374		10,582	
			<u>2,479,324</u>	<u>2,576,793</u>	
Creditors amounts falling due within one year	13	(547,500)		(653,788)	
Net current assets			<u>1,931,824</u>		<u>1,923,005</u>
Total assets less current liabilities			<u>2,090,965</u>		<u>2,110,890</u>
Provisions for liabilities					
Deferred tax	14		-		(4,373)
Net assets			<u><u>2,090,965</u></u>		<u><u>2,106,517</u></u>
Capital and reserves					
Called up share capital	15		10,000		10,000
Profit and loss account	16		2,080,965		2,096,517
Shareholders' funds	17		<u><u>2,090,965</u></u>		<u><u>2,106,517</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 13 September 2013



Mr MI Lloyd
Director



Mrs ME Lloyd
Director

The notes on pages 8 to 16 form part of these financial statements

Notes to the Financial Statements

For the year ended 31 December 2012

1. Accounting Policies

The following accounting policies have been used in dealing with items which are considered material in relation to the company's financial statements

1.1 Basis of preparation of financial statements

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

1.2 Consolidation

Group financial statements are not submitted as the company is a subsidiary of Currie & Warner (Holdings) Limited, incorporated in Great Britain and registered in England & Wales

1.3 Turnover

Turnover comprises revenue recognised by the company in respect of goods supplied less returns, exclusive of Value Added Tax

1.4 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 over their expected useful lives on the following bases

Plant and machinery	-	Between 5 and 15 years
Fixtures, fittings, tooling and equipment	-	Between 4 and 10 years
Motor vehicles	-	Between 3 and 5 years

Additions to fixed assets during the accounting period are depreciated at an appropriate proportion of the annual rate attributable to that category of asset

1.5 Investments

Investments are stated at cost less provision for any impairment in value

1.6 Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value. Cost in relation to finished goods and work in progress includes attributable production overheads

1.7 Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date

Notes to the Financial Statements

For the year ended 31 December 2012

1. Accounting Policies (continued)

1.8 Pensions

The company participates in a group defined contribution scheme covering certain of its permanent employees. Contributions to the defined contribution scheme are charged to the profit and loss account in the year they are incurred.

1.9 Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transactions. Any amounts receivable or payable at the balance sheet date are converted at the rate then ruling and any differences are taken to the profit and loss account.

1.10 Operating leases

Payments under operating leases are charged to revenue in the financial period in which they are incurred.

1.11 Cash flow statement

The company has taken advantage of the exemption from preparing a cash flow statement conferred by FRS 1 on the grounds that it is entitled to the exemptions available in Section 444 of the Companies Act 2006 for Small Companies.

2. Turnover

The analysis of turnover by geographical area is as follows:

	2012 £	2011 £
United Kingdom	1,685,846	1,940,314
Rest of Europe	1,920,138	1,851,856
North America	526,344	511,486
Middle East	39,540	34,552
Far East and Australia	268,790	287,378
Other	35,122	19,318
	<u>4,475,780</u>	<u>4,644,904</u>

Notes to the Financial Statements

For the year ended 31 December 2012

3. Staff costs

Staff costs were as follows

	2012	2011
	£	£
Wages and salaries	1,776,523	1,973,896
Social security costs	117,093	126,323
Other pension costs	30,573	62,069
	<u>1,924,189</u>	<u>2,162,288</u>

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

	2012	2011
	No.	No
Management	4	4
Administration and sales	23	25
Production	98	106
	<u>125</u>	<u>135</u>

4. Directors' remuneration

No directors received any remuneration nor accrued any pension benefits from the company during the year (2011 £nil). All directors who served in the year are paid by other group companies and their emoluments and pension benefits are shown in the financial statements of those companies.

5. Operating profit

The operating profit is stated after charging

	2012	2011
	£	£
Depreciation of tangible fixed assets		
- owned by the company	59,581	71,905
Auditor's remuneration	6,400	6,000
Operating lease rentals		
- plant and machinery	805	80
- other operating leases	100,000	100,000
Difference on foreign exchange	7,244	777
	<u>167,030</u>	<u>178,762</u>

Notes to the Financial Statements

For the year ended 31 December 2012

6. Interest receivable

	2012	2011
	£	£
Bank interest	159	124
	<u>159</u>	<u>124</u>

7. Interest payable

	2012	2011
	£	£
Bank interest	-	11
Other interest payable	-	11
	<u>-</u>	<u>22</u>
	<u>-</u>	<u>22</u>

8. Taxation

	2012	2011
	£	£
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	31,499	44,853
Deferred tax (see note 14)		
Origination and reversal of timing differences	(5,002)	(3,704)
Tax on profit on ordinary activities	<u>26,497</u>	<u>41,149</u>
	<u>26,497</u>	<u>41,149</u>

Notes to the Financial Statements

For the year ended 31 December 2012

8. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2011 - lower than) the standard rate of corporation tax in the UK of 24% (2011 - 26%). The differences are explained below

	2012 £	2011 £
Profit on ordinary activities before tax	110,945	193,451
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24% (2011 - 26%)	26,627	50,297
Effects of:		
Expenses not deductible for tax purposes	383	420
Capital allowances less than depreciation	5,170	7,065
Losses carried forward	-	(12,596)
Change in standard UK rate	666	857
Marginal relief	(1,305)	(1,190)
Profits on disposal of tangible fixed assets	(42)	-
Current tax charge for the year (see note above)	31,499	44,853

9. Tangible fixed assets

	Plant and machinery £	Fixtures, fittings, tooling and equipment £	Motor vehicles £	Total £
Cost				
At 1 January 2012	609,162	924,970	59,749	1,593,881
Additions	-	16,426	14,535	30,961
Disposals	(830)	-	(10,800)	(11,630)
At 31 December 2012	608,332	941,396	63,484	1,613,212
Depreciation				
At 1 January 2012	504,959	841,289	59,749	1,405,997
Charge for the year	25,054	33,316	1,211	59,581
On disposals	(706)	-	(10,800)	(11,506)
At 31 December 2012	529,307	874,605	50,160	1,454,072
Net book value				
At 31 December 2012	79,025	66,791	13,324	159,140
At 31 December 2011	104,203	83,681	-	187,884

Notes to the Financial Statements

For the year ended 31 December 2012

9. Tangible fixed assets (continued)

The company had no capital commitments at 31 December 2012 (2011 £nil)

10. Fixed asset investments

	Investments in subsidiary companies £
Cost	
At 1 January 2012 and 31 December 2012	1
Net book value	
At 31 December 2012	1
At 31 December 2011	1

The investments consist of 5,000 £1 ordinary shares, being the entire issued share capital of Samco Silicone Products Limited, a dormant company incorporated in Great Britain and registered in England and Wales

11. Stocks

	2012 £	2011 £
Raw materials	261,376	325,277
Work in progress	8,211	4,453
Finished goods	373,824	448,518
	<u>643,411</u>	<u>778,248</u>

12. Debtors

	2012 £	2011 £
Trade debtors	570,612	633,974
Amounts owed by parent	1,167,270	1,088,270
Amounts owed by fellow subsidiaries	9,610	5,677
Other debtors	16,300	8,742
Prepayments and accrued income	47,118	51,300
Deferred tax asset (see note 14)	629	-
	<u>1,811,539</u>	<u>1,787,963</u>

Notes to the Financial Statements

For the year ended 31 December 2012

13. Creditors:

Amounts falling due within one year

	2012	2011
	£	£
Bank overdraft	-	23,072
Trade creditors	309,721	381,496
Amounts owed to parent	70,000	70,000
Amounts owed to fellow subsidiaries	19,965	13,388
Amounts owed to subsidiaries	5,000	5,000
Corporation tax	31,499	44,853
Social security and other taxes	30,472	40,332
Other creditors	22,152	26,672
Accruals and deferred income	58,691	48,975
	<u>547,500</u>	<u>653,788</u>

14. Deferred taxation

	2012	2011
	£	£
Liability at the beginning of year	(4,373)	(8,077)
Released during year	5,002	3,704
	<u>629</u>	<u>(4,373)</u>

The deferred taxation balance is made up as follows

	2012	2011
	£	£
Difference between accumulated depreciation and amortisation and capital allowances	<u>629</u>	<u>(4,373)</u>

15. Share capital

	2012	2011
	£	£
Authorised, allotted, called up and fully paid		
10,000 ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

Notes to the Financial Statements

For the year ended 31 December 2012

16. Reserves

	Profit and loss account £
At 1 January 2012	2,096,517
Profit for the year	84,448
Dividends Equity capital	(100,000)
At 31 December 2012	<u>2,080,965</u>

17. Reconciliation of movement in shareholders' funds

	2012 £	2011 £
Opening shareholders' funds	2,106,517	2,154,215
Profit for the financial year	84,448	152,302
Dividends (Note 18)	(100,000)	(200,000)
Closing shareholders' funds	<u>2,090,965</u>	<u>2,106,517</u>

18. Dividends

	2012 £	2011 £
Dividends paid on equity capital	<u>100,000</u>	<u>200,000</u>

19. Pension commitments

The company participates in a group defined benefit pension scheme which on 5 April 2012 was closed to new entrants and future accrual of benefits. The assets of the scheme are administered by trustees and are held separately from the group. The company is unable to identify its share of the assets and liabilities of the group pension scheme, and has therefore followed the provisions for multi employer schemes within Financial Reporting Standard 17 "Retirement Benefits" and not provided for an asset or liability. The company has not obtained and disclosed an asset or liability at 31 December 2012 in accordance with FRS 17. Whilst there is no direct relationship with the FRS 17 valuation, at the last actuarial valuation prepared as at 5 April 2010 the scheme has a surplus of assets over liabilities amounting to £80,000, and on 4 April 2013 the group made an additional contribution of £600,000 to ensure the scheme remained adequately funded.

The principal assumption used in the actuarial valuation was that long term investment returns will be 3% per annum above the general rate of increase in earnings.

The company also participates in a group defined contribution scheme, for which the liability is limited to the annual contributions payable. There were no contributions prepaid or outstanding at 31 December 2012 (2011 £nil).

Notes to the Financial Statements

For the year ended 31 December 2012

20. Operating lease commitments

Annual commitments under operating leases are as follows

	Land and buildings	
	2012	2011
	£	£
Expiry date.		
Between 2 and 5 years	-	20,000
After more than 5 years	70,000	70,000
	<u>70,000</u>	<u>70,000</u>

21. Related party transactions

The aggregate value of transactions made during the year in the normal course of business between the company and group undertakings, were as follows

	2012	2011
	£	£
Charges for management and property services provided by parent company	140,000	140,000
	<u>140,000</u>	<u>140,000</u>

Balances due from and to group undertakings are disclosed within the debtors and creditors notes above

22. Parent companies

The immediate parent company is Glenison (Holdings) Limited and the ultimate parent company is Currie & Warner (Holdings) Limited, both of which are incorporated in Great Britain and registered in England and Wales

The results of the company are incorporated into the consolidated financial statements of Currie & Warner (Holdings) Limited. Copies of these financial statements can be obtained from Summer Hill Works, Powell Street, Birmingham, B1 3DH