# Financial Statements
# Silflex Limited

For the Year Ended 31 December 2013

Registered number: 2569811

# Company Information

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

# Contents

# Strategic Report

**For the Year Ended 31 December 2013**

## Business review

A recovery in domestic sales led to a 6% increase in turnover, and whilst persistently high silicone costs and increased energy costs contributed to a fall in raw margins to 63% from 64% in the prior year, the business benefited from the full impact of productivity improvements begun during the prior year, reducing direct labour numbers and resulting in much improved operating profitability.

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

The outlook for demand during 2014 shows some further improvement, and despite persistently high silicone and energy costs the business is expected to deliver increased operating profits.

*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.

## 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.

This report was approved by the board on 18 September 2014 and signed on its behalf.

**Mr MS Lloyd**
**Secretary**

# Directors' Report

**For the Year Ended 31 December 2013**

The directors present their report and the financial statements for the year ended 31 December 2013.

### 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.

### Results and dividends

The profit for the year, after taxation, amounted to £282,482 (2012 - £84,448).

A final dividend of £25 per share amounting to £250,000 (2012 - £100,000) was declared on 31 December 2013.

### Matters covered in the strategic report

Financial risk management objectives and policies and a review of the business have been included in the strategic report on page 1.

### Directors

The directors who served the company were:

Mr MI Lloyd (chairman)
Mrs ME Lloyd
Mr AW Lloyd (appointed 6 April 2013)

### Directors' responsibilities statement

The directors are responsible for preparing the directors' report, strategic 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 2013**

### 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 18 September 2014 and signed on its behalf.

**Mr MS Lloyd**
Secretary

GrantThornton

# 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 2013, 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 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/apb/scope/private.cfm.

**Basis for qualified opinion on financial statements**

As more fully explained in note 18 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 2013, 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 2013 the scheme has a surplus of assets over liabilities amounting to £80,000. 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 2013 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.

Grant Thornton

# 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.

Grant Thornton UK LLP

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

18 September 2014

# Profit and Loss Account

**For the Year Ended 31 December 2013**

| | Note | 2013 £ | 2012 £ |
|---|---|---|---|
| **Turnover** | 2 | **4,740,644** | 4,475,780 |
| Change in stocks of finished goods and work in progress | | **(6,327)** | (70,936) |
| Raw materials and consumables | | **(1,741,549)** | (1,545,386) |
| Other external charges | | **(725,571)** | (764,902) |
| Staff costs | 3 | **(1,853,151)** | (1,924,189) |
| Depreciation and amortisation | | **(44,537)** | (59,581) |
| **Operating profit** | 5 | **369,509** | 110,786 |
| Interest receivable and similar income | 6 | **150** | 159 |
| **Profit on ordinary activities before taxation** | | **369,659** | 110,945 |
| Tax on profit on ordinary activities | 7 | **(87,177)** | (26,497) |
| **Profit for the financial year** | 15 | **282,482** | 84,448 |

All amounts relate to continuing operations.

There were no recognised gains and losses for 2013 or 2012 other than those included in the profit and loss account.

The notes on pages 8 to 17 form part of these financial statements.

# Balance Sheet
**As at 31 December 2013**

| | Note | £ | 2013 £ | £ | 2012 £ |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Tangible assets | 8 | | **120,997** | | 159,140 |
| Investments | 9 | | **1** | | 1 |
| | | | **120,998** | | 159,141 |
| **Current assets** | | | | | |
| Stocks | 10 | **575,502** | | 643,411 | |
| Debtors | 11 | **2,139,828** | | 1,811,539 | |
| Cash at bank and in hand | | **1,636** | | 24,374 | |
| | | **2,716,966** | | 2,479,324 | |
| **Creditors:** amounts falling due within one year | 12 | **(714,517)** | | (547,500) | |
| **Net current assets** | | | **2,002,449** | | 1,931,824 |
| **Net assets** | | | **2,123,447** | | 2,090,965 |
| **Capital and reserves** | | | | | |
| Called up share capital | 14 | | **10,000** | | 10,000 |
| Profit and loss account | 15 | | **2,113,447** | | 2,080,965 |
| **Shareholders' funds** | 16 | | **2,123,447** | | 2,090,965 |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 18 September 2014.

M I Lloyd

**Mr MI Lloyd**
Director

M. Lloyd

**Mrs ME Lloyd**
Director

The notes on pages 8 to 17 form part of these financial statements.

# Notes to the Financial Statements
**For the Year Ended 31 December 2013**

## 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 2013**

## 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:

| | 2013 | 2012 |
|---|---|---|
| | £ | £ |
| United Kingdom | **1,993,382** | 1,685,846 |
| Rest of Europe | **1,872,337** | 1,920,138 |
| North America | **444,065** | 526,344 |
| Middle East | **40,922** | 39,540 |
| Far East and Australia | **369,591** | 268,790 |
| Other | **20,347** | 35,122 |
| | **4,740,644** | 4,475,780 |

# Notes to the Financial Statements

**For the Year Ended 31 December 2013**

## 3. Staff costs

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

| | 2013 | 2012 |
|---|---|---|
| | £ | £ |
| Wages and salaries | 1,643,317 | 1,776,523 |
| Social security costs | 123,329 | 117,093 |
| Other pension costs | 86,505 | 30,573 |
| | 1,853,151 | 1,924,189 |

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

| | 2013 | 2012 |
|---|---|---|
| | No. | No. |
| Management | 9 | 4 |
| Administration and sales | 19 | 23 |
| Production | 75 | 98 |
| | 103 | 125 |

## 4. Directors' remuneration

| | 2013 | 2012 |
|---|---|---|
| | £ | £ |
| Emoluments | 35,417 | - |
| Company pension contributions | 928 | - |

During the year retirement benefits were accruing to one director in respect of defined contribution pension schemes (2012 – none).

The chairman and one other director are paid by other group companies and their emoluments are shown in the financial statements of those companies.

# Notes to the Financial Statements

**For the Year Ended 31 December 2013**

## 5. Operating profit

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

| | 2013 | 2012 |
|---|---|---|
| | £ | £ |
| Depreciation of tangible fixed assets: | | |
| - owned by the company | 44,537 | 59,581 |
| Auditor's remuneration | 6,300 | 6,400 |
| Operating lease rentals: | | |
| - plant and machinery | 302 | 805 |
| - other operating leases | 100,009 | 100,000 |
| Difference on foreign exchange | (2,932) | 7,244 |

## 6. Interest receivable

| | 2013 | 2012 |
|---|---|---|
| | £ | £ |
| Bank interest | 118 | 159 |
| Other interest receivable | 32 | - |
| | 150 | 159 |

# Notes to the Financial Statements
**For the Year Ended 31 December 2013**

## 7. Taxation

| | 2013 | 2012 |
|---|---|---|
| | £ | £ |
| **Analysis of tax charge in the year** | | |
| **Current tax** (see note below) | | |
| UK corporation tax charge on profit for the year | **88,410** | 31,499 |
| **Deferred tax** (see note 13) | | |
| Origination and reversal of timing differences | **(1,233)** | (5,002) |
| **Tax on profit on ordinary activities** | **87,177** | 26,497 |

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2012 - higher than) the standard rate of corporation tax in the UK of 23% (2012 - 24%). The differences are explained below:

| | 2013 | 2012 |
|---|---|---|
| | £ | £ |
| Profit on ordinary activities before tax | **369,659** | 110,945 |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23% (2012 - 24%) | **85,022** | 26,627 |
| **Effects of:** | | |
| Expenses not deductible for tax purposes | **1,033** | 383 |
| Capital allowances less than depreciation | **2,193** | 5,170 |
| Profits on disposal of tangible fixed assets | **(776)** | (42) |
| Marginal relief | **-** | (1,305) |
| Change in standard UK rate | **938** | 666 |
| **Current tax charge for the year** (see note above) | **88,410** | 31,499 |

# Notes to the Financial Statements
**For the Year Ended 31 December 2013**

## 8. Tangible fixed assets

| | Plant and machinery £ | Fixtures, fittings, tooling and equipment £ | Motor vehicles £ | Total £ |
|---|---|---|---|---|
| **Cost** | | | | |
| At 1 January 2013 | 608,332 | 941,396 | 63,484 | 1,613,212 |
| Additions | 2,085 | 4,309 | - | 6,394 |
| Disposals | - | - | (11,295) | (11,295) |
| Amounts written off | - | (570,249) | - | (570,249) |
| At 31 December 2013 | 610,417 | 375,456 | 52,189 | 1,038,062 |
| **Depreciation** | | | | |
| At 1 January 2013 | 529,307 | 874,605 | 50,160 | 1,454,072 |
| Charge for the year | 17,840 | 23,063 | 3,634 | 44,537 |
| On disposals | - | - | (11,295) | (11,295) |
| On amounts written off | - | (570,249) | - | (570,249) |
| At 31 December 2013 | 547,147 | 327,419 | 42,499 | 917,065 |
| **Net book value** | | | | |
| At 31 December 2013 | 63,270 | 48,037 | 9,690 | 120,997 |
| At 31 December 2012 | 79,025 | 66,791 | 13,324 | 159,140 |

The company had no capital commitments at 31 December 2013 (2012: £nil).

## 9. Investments

| | Investments in subsidiary companies £ |
|---|---|
| **Cost** | |
| At 1 January 2013 and 31 December 2013 | 1 |
| **Net book value** | |
| At 31 December 2013 | 1 |
| At 31 December 2012 | 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.

# Notes to the Financial Statements
**For the Year Ended 31 December 2013**

## 10. Stocks

| | 2013 | 2012 |
|---|---|---|
| | £ | £ |
| Raw materials | 199,794 | 261,376 |
| Work in progress | 926 | 8,211 |
| Finished goods | 374,782 | 373,824 |
| | 575,502 | 643,411 |

## 11. Debtors

| | 2013 | 2012 |
|---|---|---|
| | £ | £ |
| Trade debtors | 604,601 | 570,612 |
| Amounts owed by parent | 1,477,270 | 1,167,270 |
| Amounts owed by fellow subsidiaries | 7,920 | 9,610 |
| Other debtors | - | 16,300 |
| Prepayments and accrued income | 48,175 | 47,118 |
| Deferred tax asset (see note 13) | 1,862 | 629 |
| | 2,139,828 | 1,811,539 |

## 12. Creditors:
**Amounts falling due within one year**

| | 2013 | 2012 |
|---|---|---|
| | £ | £ |
| Bank overdraft | 17,321 | - |
| Trade creditors | 329,392 | 309,721 |
| Amounts owed to parent | 70,000 | 70,000 |
| Amounts owed to fellow subsidiaries | 77,639 | 19,965 |
| Amounts owed to subsidiaries | 5,000 | 5,000 |
| Corporation tax | 88,410 | 31,499 |
| Social security and other taxes | 31,115 | 30,472 |
| Other creditors | 26,113 | 22,152 |
| Accruals and deferred income | 69,527 | 58,691 |
| | 714,517 | 547,500 |

## 13. Deferred taxation

| | 2013 | 2012 |
|---|---|---|
| | £ | £ |
| Asset/(liability) at the beginning of year | 629 | (4,373) |
| Released during year | 1,233 | 5,002 |
| At end of year | 1,862 | 629 |

The deferred tax asset is made up as follows:

| | 2013 | 2012 |
|---|---|---|
| | £ | £ |
| Difference between accumulated depreciation and amortisation and capital allowances | 1,862 | 629 |

## 14. Share capital

| | 2013 | 2012 |
|---|---|---|
| | £ | £ |
| **Authorised, allotted, called up and fully paid** | | |
| 10,000 ordinary shares of £1 each | 10,000 | 10,000 |

## 15. Reserves

| | Profit and loss account |
|---|---|
| | £ |
| At 1 January 2013 | 2,080,965 |
| Profit for the year | 282,482 |
| Dividends: Equity capital | (250,000) |
| At 31 December 2013 | 2,113,447 |

# Notes to the Financial Statements

**For the Year Ended 31 December 2013**

## 16. Reconciliation of movement in shareholders' funds

| | 2013 | 2012 |
|---|---|---|
| | £ | £ |
| Opening shareholders' funds | 2,090,965 | 2,106,517 |
| Profit for the financial year | 282,482 | 84,448 |
| Dividends (Note 17) | (250,000) | (100,000) |
| Closing shareholders' funds | 2,123,447 | 2,090,965 |

## 17. Dividends

| | 2013 | 2012 |
|---|---|---|
| | £ | £ |
| Dividends paid on equity capital | 250,000 | 100,000 |

## 18. Pension commitments

The company participates in a group defined benefit pension scheme which is 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 2013 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 2013 the scheme has a surplus of assets over liabilities amounting to £80,000.

The principal assumption used in the actuarial valuation was that long term investment returns will be 2.7% per annum above inflation.

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 2013 (2012: £nil).

## 19. Operating lease commitments

Annual commitments under operating leases are as follows:

| | Land and buildings | |
|---|---|---|
| | 2013 | 2012 |
| | £ | £ |
| **Expiry date:** | | |
| After more than 5 years | 70,000 | 70,000 |

# Notes to the Financial Statements
**For the Year Ended 31 December 2013**

## 20. 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:

| | 2013 | 2012 |
|---|---|---|
| | £ | £ |
| Charges for management and property services provided by parent company | **140,000** | 140,000 |

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

## 21. Parent companies

The immediate parent company is Glenson (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.