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Filtration Engineering Limited

Report and Financial Statements

31 December 2010

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COMPANIES HOUSE

Filtration Engineering Limited

Directors

Dr S Berbner (resigned 28/01/11)

S G Langford

Dr D Scmitt (appointed 28/01/11)

Secretary

P Markham

Auditors

Ernst & Young LLP

100 Barbirolli Square

Manchester M2 3EY

Bankers

Barclays Bank plc

Commercial Street

Halifax

Registered Office

Unit B9

Lowfields Close

Lowfields Park

Elland

Halifax

West Yorkshire HX5 9DX

Directors' report

The directors present their report and financial statements for the year ended 31 December 2010

Results and dividends

The profit for the year, after taxation, amounted to £380,609 (2009 – profit of £187,034) The directors recommend no dividend for the year (2009 – £nil)

Principal activity

The principal activity of the company in the year under review was that of engineers in the design, installation and maintenance of air filtration and air quality control systems With effect from 1 January 2010 the filter business (merchandise and sale of filter products) of a sister company was transferred to Filtration Engineering Ltd

Directors

The directors who served during the year were as follows

Dr S Berbner (resigned 28/01/11)

S G Langford

Dr D Schmitt (appointed 28/01/11)

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting

Small company exemptions

The directors' report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies

On behalf of the Board



S G Langford
Director

14 September, 2011

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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 judgements and 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper 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.

Independent auditors' report

to the members of Filtration Engineering Limited

We have audited the financial statements of Filtration Engineering Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (Effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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 Directors' Responsibilities Statement set out on page 3, 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the 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 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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.

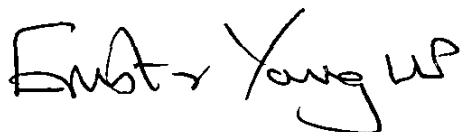
Independent auditors' report

to the members of Filtration Engineering Limited (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 financial statements and the directors' report in accordance with the small companies regime



Julian Yates (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP (Statutory Auditor)
Manchester

Date 21 September 2011

Profit and Loss Account

for the year ended 31 December 2010

	Notes	2010 £	2009 £
Turnover			
Continuing operations			
Ongoing		3,019,934	2,533,005
Acquisition		2,480,598	-
		<hr/>	<hr/>
	2	5,500,532	2,533,005
Cost of sales	3	3,527,410	1,486,452
		<hr/>	<hr/>
Gross profit		1,973,122	1,046,553
Selling expenses	3	1,591,130	496,302
Administrative expenses	3	806,562	283,684
Other expenses	3	27,000	-
Other operating income	3	(1,015,146)	-
		<hr/>	<hr/>
Operating profit			
Continuing operations			
Ongoing		358,176	266,567
Acquisition		205,400	-
		<hr/>	<hr/>
	3	563,576	266,567
Interest receivable – group		1,356	3,818
		<hr/>	<hr/>
Profit on ordinary activities before taxation		564,932	270,385
Tax	6	184,323	83,351
		<hr/>	<hr/>
Profit for the financial year	12	380,609	187,034
		<hr/>	<hr/>

All activities derive from continuing operations

The notes on pages 8 to 13 form part of these financial statements

Statement of Total Recognised Gains and Losses

for the year ended 31 December 2010

There are no recognised gains or losses other than the profit attributable to the shareholders of the company of £380,609 in the year ended 31 December 2010 (2009 – profit of £187,034)

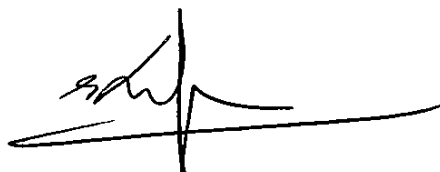
Balance Sheet

at 31 December 2010

	Notes	2010 £	2009 £
Fixed assets			
Tangible assets	7	59,410	93,402
Current assets			
Stocks		125,920	90,623
Debtors	8	2,772,629	1,580,362
		2,898,549	1,670,985
Creditors amounts falling due within one year	9	(1,073,438)	(262,441)
Net current assets		1,825,111	1,408,544
Total assets less current liabilities		1,884,521	1,501,946
Provisions for liabilities and charges	10	(8,751)	(6,785)
Net assets		1,875,770	1,495,161
Capital and reserves			
Called up share capital	11	92	92
Share premium capital	12	9,988	9,988
Capital redemption reserve	12	30	30
Profit and loss account	12	1,865,660	1,485,051
Shareholders' funds	12	1,875,770	1,495,161

The financial statements have been prepared in accordance with the special provisions of Companies Act 2006 relating to small entities and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

The financial statements were approved by the Board on 14 September, 2011 and signed on its behalf by


 S G Langford
 Director

Notes to the financial statements

at 31 December 2010

1. Accounting policies

Basis of accounting

The financial statements are prepared on the historical cost basis of accounting and have been prepared in accordance with the Financial Reporting Standards applicable to Smaller Entities (effective April 2008)

Turnover

Turnover represents net invoiced sales of goods and services, excluding value added tax. The company recognises income when it has fulfilled its obligations under the sales contract, net of discounts and any allowance for credit risk and other uncertainties.

Tangible fixed assets

All tangible fixed assets are stated at cost. Depreciation is provided on all tangible fixed assets at rates calculated to write-off the full cost or valuation less estimated residual value of each asset over its estimated useful life. The principal rates in use are:

Motor vehicles	–	25% on reducing balance
Office equipment	–	15% on reducing balance
Plant and equipment	–	15% on reducing balance

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Stocks

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Deferred taxation

Deferred tax is recognised in respect of the tax effect of all timing differences that have originated but not reversed at the balance sheet date.

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, 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 is measured on a non-discounted basis, at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Foreign currencies translation

Transactions in foreign currencies are initially recorded in the functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

Pension scheme

The company operates a defined contribution pension scheme. Contributions payable for the year are charged to the profit and loss account.

2. Turnover

The turnover and profit before taxation is attributable to the one principal activity of the company in the UK.

Notes to the financial statements

at 31 December 2010

3. Cost of sales and expenses

	<i>Ongoing</i>	<i>2010</i>	<i>Ongoing</i>	<i>2009</i>
	<i>£</i>	<i>Acquisition</i>	<i>£</i>	<i>Acquisition</i>
		<i>£</i>		<i>£</i>
Cost of sales	1,763,514	1,763,896	1,486,452	-
Selling expenses	483,893	1,107,237	496,302	-
Administrative expenses	421,924	384,638	283,684	-
Other expenses	-	27,000	-	-
Other operating income	(7,573)	(1,007,573)	-	-

4. Operating profit

This is stated after charging:

	<i>2010</i>	<i>2009</i>
	<i>£</i>	<i>£</i>
Auditors' remuneration	15,850	15,000
Depreciation	10,862	21,344
Loss on disposal of tangible fixed assets	11,207	1,078
Operating lease rentals – land and buildings plant and machinery	40,000 78,718	40,000 -

5. Directors' emoluments

	<i>2010</i>	<i>2009</i>
	<i>£</i>	<i>£</i>
Emoluments	87,167	-
Company contributions to money purchase pension schemes	6,146	-
	93,313	-

The number of directors who were accruing benefits under company pension schemes was as follows

	<i>2010</i>	<i>2009</i>
	<i>No</i>	<i>No</i>
	<i>£</i>	<i>£</i>
Money purchase schemes	1	-

Notes to the financial statements

at 31 December 2010

6. Taxation

(a) Tax charge on ordinary activities

The tax charge is made up as follows

	2010 £	2009 £
<i>Current tax</i>		
UK corporation tax on the profit for the year	161,880	72,804
Adjustment in respect of prior years	20,476	17,531
Total current tax (note 6(b))	182,356	90,335
 <i>Deferred tax</i>		
	1,966	(6,984)
Total deferred tax (note 10)	1,966	(6,984)
Tax on charge on ordinary activities	184,323	83,351

(b) Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 28% (2009 – 28 %) The differences are explained below

	2010 £	2009 £
Profit on ordinary activities before tax	564,932	270,385
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 – 28%)	158,181	75,708
<i>Effects of</i>		
Expenses not deductible for tax purposes	8,432	252
Non-taxable income	-	(7,562)
Capital allowances in excess of depreciation	(22)	4,406
Movement in short term timing differences	(4,711)	-
Adjustments to tax charge in respect of prior periods	20,476	17,531
Current tax for the year (note 6(a))	182,356	90,335

(c) Factors that may affect future tax charges

On 23 March 2011 the Chancellor announced the reduction in the main rate of UK corporation tax rate to 26% with effect from 1 April 2011 This change became substantively enacted on 29 March 2011

The Chancellor also proposed changes to further reduce the main rate of corporation tax by one per cent per annum to 23% by 1 April 2014

Notes to the financial statements

at 31 December 2010

7. Tangible fixed assets

	<i>Motor vehicles</i>	<i>Office equipment</i>	<i>Plant and machinery</i>	<i>Total</i>
	£	£	£	£
Cost				
At 1 January 2010	105,965	90,176	97,593	293,734
Additions	-	3,099	528	3,627
Disposals	(83,635)	-	-	(83,635)
At 31 December 2010	22,330	93,275	98,121	213,726
Depreciation				
At 1 January 2010	73,646	60,769	65,917	200,332
Provided during the year	1,353	4,694	4,815	10,862
Disposals	(56,878)	-	-	(56,878)
At 31 December 2010	18,121	65,463	70,732	154,316
Net book value				
At 31 December 2010	4,209	27,812	27,389	59,410
At 1 January 2010	32,319	29,407	31,676	93,402

8. Debtors

	<i>2010</i>	<i>2009</i>
	£	£
Trade debtors	1,481,002	392,371
Amounts owed by group undertakings	1,276,438	1,166,968
Other debtors	15,189	21,023
	2,772,629	1,580,362

9. Creditors: amounts falling due within one year

	<i>2010</i>	<i>2009</i>
	£	£
Trade creditors	460,360	91,408
Amounts owed to group undertakings	80,209	33,801
Other creditors	279,099	36,181
Corporation tax	95,885	23,562
Other taxes and social security costs	157,885	77,489
	1,073,438	262,441

Notes to the financial statements

at 31 December 2010

10. Provisions for liabilities and charges

Deferred taxation	2010 £	2009 £
Accelerated capital allowances	8,751	6,785
Provision at start of year	6,785	13,769
Deferred tax charge/ (credit) in the profit and loss account (note 5(a))	1,966	(6,984)
Provision at end of year	8,751	6,785

11. Issued share capital

	No	2010 £	No	2009 £
Allotted, called up and fully paid				
Ordinary shares of £1 each	92	92	92	92

12. Reconciliation of shareholders' funds and movements on reserves

	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss account £	Total share- holders' funds £
At 1 January 2009	92	9,988	30	1,298,017	1,308,127
Profit for the year	-	-	-	187,034	187,034
At 1 January 2010	92	9,988	30	1,485,051	1,495,161
Profit for the year	-	-	-	380,609	380,609
At 31 December 2010	92	9,988	30	1,865,660	1,875,770

Notes to the financial statements

at 31 December 2010

13. Other financial commitments

Annual commitments under non-cancellable operating leases are as follows

	2010		2009	
	<i>Land and buildings</i>	<i>Other</i>	<i>Land and buildings</i>	<i>Other</i>
	£	£	£	£
Operating leases which expire				
Within one year	-	25,976	-	-
Between two and five years	40,000	64,482	40,000	-
	<u>40,000</u>	<u>90,458</u>	<u>40,000</u>	<u>-</u>

14. Related party transactions

Advantage has been taken of the exemption provided by FRS 8 3c 'Related Party Transactions' and transactions with other group undertakings have not been disclosed in these financial statements

15. Ultimate parent undertaking and controlling party

The immediate holding company is Filtamark Limited, which as at 31 December 2010, held 100% of the issued share capital of Filtration Engineering Limited

The ultimate parent undertaking and controlling party is Freudenberg & Co KG, a company registered in Germany. The smallest and largest group of undertakings in which the company is consolidated is Freudenberg & Co KG.

Copies of its group financial statements, which include the company, are available from its registered office 69465 Weinheim, Germany