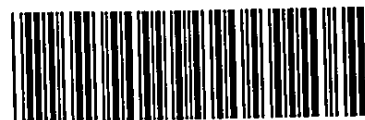


Filtration Engineering Limited

Report and Financial Statements

31 December 2011

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COMPANIES HOUSE

Directors

S G Langford
D Schmitt

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

Registered No 2888870

Directors' report

The directors present their report and financial statements for the year ended 31 December 2011

Results and dividends

The profit for the year after taxation amounted to £441,406 (2010 – profit of £380,609) The directors do not recommend a final dividend (2010 – £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 and the merchandise and sale of filter products

Directors

The directors who served the company during the year were as follows

S G Langford

D Schmitt (appointed 28 January 2011)

S Berbner (resigned 28 January 2011)

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

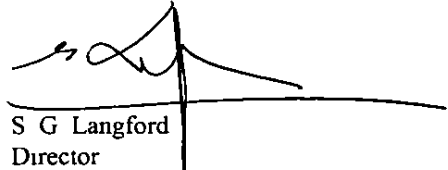
Auditors

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

A handwritten signature in black ink, appearing to be 'S G Langford', is written over a horizontal line. The signature is stylized with a large loop and a vertical stroke.

S G Langford
Director

9 May, 2012

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 judgments 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 2011 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 14. 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 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 2011 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.

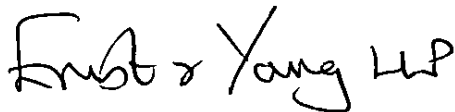
Independent auditors' report

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, or
- the directors were not entitled to prepare 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 11 May 2012

Profit and loss account

for the year ended 31 December 2011

	Notes	2011 £	2010 £
Turnover	2	6,354,289	5,500,532
Cost of sales		<u>4,385,829</u>	<u>3,527,410</u>
Gross profit		1,968,460	1,973,122
Selling expenses		1,809,244	1,591,130
Administrative expenses		567,016	806,562
Other expenses		–	27,000
Other operating income		<u>(1,003,555)</u>	<u>(1,015,146)</u>
Operating profit		595,755	563,576
Interest receivable – group		<u>3,102</u>	<u>1,356</u>
Profit on ordinary activities before taxation		598,857	564,932
Tax	5	157,451	184,323
Profit for the financial year	11	<u>441,406</u>	<u>380,609</u>

All amounts relate to continuing activities

Statement of total recognised gains and losses

for the year ended 31 December 2011

There are no recognised gains or losses other than the profit attributable to the shareholders of the company of £441,406 in the year ended 31 December 2011 (2010 – profit of £380,609)


Balance sheet

at 31 December 2011

	Notes	2011 £	2010 £
Fixed assets			
Tangible assets	6	47,994	59,410
Current assets			
Stocks		124,128	125,920
Debtors	7	3,330,111	2,772,629
		3,454,239	2,898,549
Creditors amounts falling due within one year	8	(1,180,269)	(1,073,438)
Net current assets		2,273,970	1,825,111
Total assets less current liabilities		2,321,964	1,884,521
Provisions for liabilities and charges	9	(4,788)	(8,751)
Net assets		2,317,176	1,875,770
Capital and reserves			
Called up share capital	10	92	92
Share premium capital	11	9,988	9,988
Capital redemption reserve	11	30	30
Profit and loss account	11	2,307,066	1,865,660
Shareholders' funds	11	2,317,176	1,875,770

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 and authorised for issue by the board on its behalf on 9 May, 2012



 S G Langford
 Director

Notes to the financial statements

at 31 December 2011

1. Accounting policies

Basis of preparation

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 taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exception:

- Deferred tax assets are recognised only to the extent that the directors consider that it is 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 an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

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.

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

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 2011 (continued)

3. Operating Profit

This is stated after charging

	2011 £	2010 £
Auditors' remuneration	15,010	15,850
Depreciation	17,406	10,862
Loss on disposal of tangible fixed assets	—	11,207
Operating lease rentals — plant and machinery	104,283	78,718
— land and buildings	40,000	40,000

4. Directors' remuneration

	2011 £	2010 £
Remuneration	97,597	87,167
Company contributions to money purchase pension schemes	5,023	6,146
	102,620	93,313

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

	2011 No	2010 No
Money purchase schemes	1	1

5. Tax

a) Tax charge on ordinary activities

The tax charge is made up as follows

	2011 £	2010 £
Current tax		
UK corporation tax on the profit for the year	156,908	161,880
Adjustment in respect of prior years	8,381	20,476
Total current tax (note 5(b))	165,289	182,356
Deferred tax		
Total deferred tax (note 9)	(7,838)	1,966
Tax charge on ordinary activities	157,451	184,323

Notes to the financial statements

at 31 December 2011 (continued)

5. Tax (continued)

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 26.5% (2010 – 28%). The differences are explained below

	2011 £	2010 £
Profit on ordinary activities before tax	598,857	564,932
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.5% (2010 – 28%)	158,663	158,181
<i>Effects of</i>		
Expenses not deductible for tax purposes	(4,151)	8,432
Capital allowances lower than/(in excess of) depreciation	2,701	(22)
Movement in short term timing differences	(305)	(4,711)
Adjustments to tax charge in respect of prior periods	8,381	20,476
Current tax for the year (note 5(a))	165,289	182,356

c) Factors that may affect future tax charges

On 21 March 2012 the Chancellor announced the reduction in the main rate of UK corporation tax to 24% with effect from 1 April 2012. This change became substantively enacted on 26 March 2012.

The Chancellor also proposed changes to further reduce the main rate of corporation tax to 23% by 1 April 2013.

6. Tangible fixed assets

	Motor vehicles £	Office equipment £	Plant and machinery £	Total £
Cost or valuation				
At 1 January 2011	22,330	93,275	98,121	213,726
Additions	–	–	5,990	5,990
Disposals	–	–	–	–
At 31 December 2011	22,330	93,275	104,111	219,716
Depreciation				
At 1 January 2011	18,121	65,463	70,732	154,316
Provided during the year	1,164	10,955	5,287	17,406
Disposals	–	–	–	–
At 31 December 2011	19,285	76,418	76,019	171,722
Net book value				
At 31 December 2011	3,045	16,857	28,092	47,994
At 1 January 2011	4,209	27,812	27,389	59,410

Notes to the financial statements

at 31 December 2011 (continued)

7. Debtors

	2011	2010
	£	£
Trade debtors	1,191,637	1,481,002
Amounts owed by group undertakings	2,103,154	1,276,438
Other debtors	35,320	15,189
	<u>3,330,111</u>	<u>2,772,629</u>

8. Creditors: amounts falling due within one year

	2011	2010
	£	£
Trade creditors	538,991	460,360
Amounts owed to group undertakings	70,930	80,209
Other creditors	282,679	279,099
Corporation tax	99,976	95,885
Other taxes and social security costs	187,693	157,885
	<u>1,180,269</u>	<u>1,073,438</u>

9. Provisions for liabilities

Deferred taxation provided in the financial statements and the amounts not provided are as follows

	2011	2010
	£	£
Accelerated capital allowances	<u>913</u>	<u>8,751</u>
Provision at start of year	8,751	6,785
Deferred tax credit in the profit and loss account (note 6(a))	<u>(7,838)</u>	<u>1,966</u>
Provision at end of year	<u>913</u>	<u>8,751</u>
Shown in Balance Sheet as		
Asset	3,875	
Liability	(4,788)	

10. Issued share capital

	No	2011	No	2010
		£		£
Allotted, called up and fully paid				
Ordinary shares of £1 each	92	<u>92</u>	92	<u>92</u>

Notes to the financial statements

at 31 December 2011 (continued)

11. Reconciliation of shareholders' funds and movements on reserves

	<i>Share capital</i>	<i>Share premium account</i>	<i>Capital redemption reserve</i>	<i>Profit and loss account</i>	<i>Total share-holders' funds</i>
	£	£	£	£	£
At 1 January 2010	92	9,988	30	1,485,051	1,495,161
Profit for the year	—	—	—	380,609	380,609
At 1 January 2011	92	9,988	30	1,865,660	1,875,770
Profit for the year	—	—	—	441,406	441,406
At 31 December 2011	92	9,988	30	2,307,066	2,317,176

12. Other financial commitments

At 31 December 2011 the company had annual commitments under non-cancellable operating leases as set out below

	<i>2011</i>		<i>2010</i>	
	<i>Land and buildings</i>	<i>Other</i>	<i>Land and buildings</i>	<i>Other</i>
	£	£	£	£
Operating leases which expire				
Within one year	—	11,823	—	25,976
In two to five years	40,000	69,777	40,000	64,482
	40,000	81,600	40,000	90,458

13. 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

14. Ultimate parent undertaking and controlling party

The immediate holding company is Filtamark Limited, which as at 31 December 2011, 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