

**International Process Technologies Limited
and subsidiary companies**

Report and Financial Statements

31 December 2013



**INTERNATIONAL PROCESS TECHNOLOGIES LIMITED
AND SUBSIDIARY COMPANIES**

REPORT AND FINANCIAL STATEMENTS 2013

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**INTERNATIONAL PROCESS TECHNOLOGIES LIMITED
AND SUBSIDIARY COMPANIES**

REPORT AND FINANCIAL STATEMENTS 2013

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

J M Stoke (Chairman)
P R Benson
K J Bilham

SECRETARY

K J Bilham

REGISTERED OFFICE

Farnham Trading Estate
Farnham
Surrey
GU9 9NY

BANKERS

Lloyds Bank (formerly Lloyds Bank Corporate Markets)
PO Box 112
Canons House
Canons Way
Bristol
BS99 7LB

AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditor
Southampton, United Kingdom

SOLICITORS

Burges Salmon
One Glass Wharf
Bristol
BS2 0ZX

INTERNATIONAL PROCESS TECHNOLOGIES LIMITED AND SUBSIDIARY COMPANIES

STRATEGIC REPORT Year ended 31 December 2013

The directors present their Strategic report and the affairs of the group for the year ended 31 December 2013.

STRATEGIC REVIEW

The directors are pleased to be able to report a consolidated profit before tax in 2013 of £2.51m up from £1.64m in 2012 which they consider to be encouraging in the current economic conditions. The position of the group at the year end is set out in the consolidated balance sheet on page 8 and in the related notes on pages 18-29. The position of the company at the year end is set out in the balance sheet on page 9 and in the related notes on pages 18-29.

The group's key measurement of effectiveness of its operations is operating profit margin, gross profit margin and operating cash flow. The group achieved an improved operating profit margin performance up from 6.4% in 2012 to 8.6% in 2013, with gross profit margin being marginally down from 24.2% in 2012 to 23.9% this year. Operating cash flow was higher than 2012 due to the improved profits and control of trade working capital.

All of the sectors within the group achieved sales growth on 2012 with Plastic Coatings building upon their penetration into the oil and gas sector, Plascoat gaining market share in the appliance and fencing sectors, with United Moulders further developing the non European market sectors.

The directors are planning to build upon the successes from 2013 and make further progress in the markets and geographic areas.

The board have reviewed the methods of distribution to certain markets and will implement change plans in 2014.

PRINCIPAL RISKS AND UNCERTAINTIES

The group operates in a highly competitive market which is a continuing risk to the company. The group manages this risk by providing value added services to its customers and delivering high quality products to its customers.

The company sources products from the Eurozone and is therefore exposed to movements in the Euro to Pound exchange rate. There is a degree of natural hedging as the group has costs which are Euro based. Risk of fluctuations is minimised by entering into foreign currency contracts. A number of accounts are traded in US Dollars and the group will enter into foreign currency contracts to protect margin.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The group's activities expose it to a number of financial risks including price risk, credit risk, cash flow risk and liquidity risk.

Cash flow risk

The group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. Where this risk is foreseen to have a major impact on results, foreign exchange contracts are opened to protect margins.

Credit risk

The group's principal financial assets are bank balances and cash, trade and other receivables, operating lease receivables and investments. The business has secure long term funding arrangements in place with a number of financial institutions and this provides sufficient headroom for the group to be able to meet its growth objectives.

The group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

The projection for the coming year is that the group will generate positive operational cash flows and does not envisage a liquidity risk provided the current plans are achieved.

Price risk

The group has exposure to rises in commodity items that are used to manufacture its products in particular the coating powders. However to mitigate this the group endeavours to link customer pricing to indices so that major changes in price movements are mitigated. As a significant user of energy in its business the group enters into forward purchasing arrangements where possible to ensure that costs are contained within acceptable tolerances.

**INTERNATIONAL PROCESS TECHNOLOGIES LIMITED
AND SUBSIDIARY COMPANIES**

STRATEGIC REPORT (CONTINUED)
Year ended 31 December 2013

CORPORATE AND SOCIAL RESPONSIBILITY

The Group pursues a policy of employee communication through meetings, including briefings and team meetings, and through internal notification of the Group focus and movement.

The Group employs disabled persons whenever circumstances permit, and full and fair consideration is given to applications for employment by disabled persons having regard to their particular aptitudes and disabilities.

FUTURE DEVELOPMENTS

The group has considerable financial resources and together with group prospects for the financial year 2014, which include further expansion in the fencing, appliance and oil and gas sectors,, the directors believe that the company is well prepared for further growth and has the capacity to meet these growth objectives



Approved by the Board of Directors and signed on behalf of the Board

K. J. BILHAM

6TH JUNE 2014

**INTERNATIONAL PROCESS TECHNOLOGIES LIMITED
AND SUBSIDIARY COMPANIES**

DIRECTORS' REPORT
Year ended 31 December 2013

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

PRINCIPAL ACTIVITIES

The principal activity of the group continues to be that of a holding and management service company to the IPT Group of companies. The principal trading activity of the group is that of plastic engineering operations, covering the manufacture of plastic materials, plastic moulding, compounding and grinding and plastic coating.

GOING CONCERN

The group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the group should be able to operate within the level of its current banking facility. The directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. The company is in a net current liabilities position, due to intercompany debt. The directors have satisfied themselves that this debt will not be called and hence will not have a detrimental effect on the company. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

DIVIDENDS

The directors are not recommending payment of a dividend on the ordinary shares (2012: £nil).

DIRECTORS AND THEIR INTERESTS

The following Directors served during the year ended 31 December 2013:

C F Dunnett (resigned 30th July 2013)
K J Bilham
P Benson
J M Stoke

AUDITOR

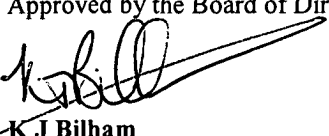
In the case of the director of the company at the date when this report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information (as defined) and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue as auditor and a resolution for the re-appointment of Deloitte LLP will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board


K J Bilham
Director 2014

6TH JUNE 2014

INTERNATIONAL PROCESS TECHNOLOGIES LIMITED AND SUBSIDIARY COMPANIES

DIRECTORS' RESPONSIBILITIES STATEMENT

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 accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; 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 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTERNATIONAL PROCESS TECHNOLOGIES LIMITED

We have audited the group and parent company financial statements (the "financial statements") of International Process Technologies Limited for the year ended 31 December 2013 which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement, the Reconciliation of Movements in Consolidated Shareholders' Funds, the Consolidated Statement of Total Recognised Gains and Losses and the related notes 1 to 26. 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

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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2013 and of the group's 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 matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and 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.



Simon Olsen FCA (Senior Statutory Auditor) for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Southampton, United Kingdom

9 June 2014

**INTERNATIONAL PROCESS TECHNOLOGIES LIMITED
AND SUBSIDIARY COMPANIES**

CONSOLIDATED PROFIT AND LOSS ACCOUNT
Year ended 31 December 2013

	Note	2013 £'000	2012 £'000
Turnover	2	30,427	28,416
Cost of sales		(23,141)	(21,534)
		<hr/>	<hr/>
Gross profit		7,286	6,882
Distribution costs		(1,430)	(1,505)
Administrative expenses (including £nil (2012: £424k) exceptional pension settlement costs)		(3,228)	(3,569)
		<hr/>	<hr/>
		(4,658)	(5,074)
		<hr/>	<hr/>
Operating profit	3	2,628	1,808
Total interest receivable and similar income	5	108	37
Interest payable and similar charges	5	(222)	(208)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		2,514	1,637
Tax charge on profit on ordinary activities	6	(550)	(341)
		<hr/>	<hr/>
Retained profit for the financial year	18	<u>1,964</u>	<u>1,296</u>

All results have been derived from continuing operations.

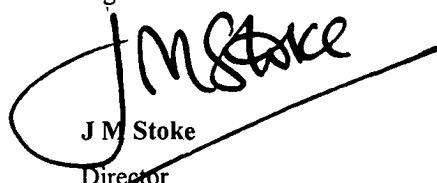
**INTERNATIONAL PROCESS TECHNOLOGIES LIMITED
AND SUBSIDIARY COMPANIES**

**CONSOLIDATED BALANCE SHEET
31 December 2013**

	Note	2013 £'000	2012 £'000
FIXED ASSETS			
Intangible assets	8	-	34
Tangible assets	9	6,406	6,145
		<u>6,406</u>	<u>6,179</u>
CURRENT ASSETS			
Stocks	11	2,570	2,425
Debtors	12	5,062	5,043
Cash at bank and in hand		1,083	444
		<u>8,715</u>	<u>7,912</u>
CREDITORS: amounts falling due within one year	13	(5,919)	(4,921)
NET CURRENT ASSETS		<u>2,796</u>	<u>2,991</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>9,202</u>	<u>9,170</u>
CREDITORS: amounts falling due after more than one year	14	3,662	2,289
PENSION LIABILITY	18, 20	3,474	3,772
PROVISIONS FOR LIABILITIES AND CHARGES	16	320	271
CAPITAL AND RESERVES			
Called up share capital	17	787	1,261
Share premium account	18	2,184	10,385
Capital redemption reserve	18	82	82
Profit and loss account deficit	18	(1,307)	(8,890)
CAPITAL AND RESERVES		<u>1,746</u>	<u>2,838</u>
CAPITAL EMPLOYED		<u>9,202</u>	<u>9,170</u>

These consolidated financial statements of International Process Technologies Limited and its subsidiaries, registered number 03139509, were approved and authorised for issue by the Board of Directors on *6th June* 2014.

Signed on behalf of the Board of Directors


J M Stoke
Director

**INTERNATIONAL PROCESS TECHNOLOGIES LIMITED
AND SUBSIDIARY COMPANIES**

**COMPANY BALANCE SHEET
31 December 2013**

	Note	2013 £'000	2012 £'000
FIXED ASSETS			
Investments	10	56,292	56,292
		<u>56,292</u>	<u>56,292</u>
CURRENT ASSETS			
Debtors	12	151	147
Cash at bank and in hand		1,749	2,420
		<u>1,900</u>	<u>2,567</u>
CREDITORS: amounts falling due within one year	13	(5,018)	(8,577)
NET CURRENT LIABILITIES		<u>(3,118)</u>	<u>(6,010)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>53,174</u>	<u>50,282</u>
CREDITORS: amounts falling due after more than one year	14	48,215	46,805
CAPITAL AND RESERVES			
Called up share capital	17	787	1,261
Share premium account	18	2,184	10,385
Capital redemption reserve	18	82	82
Profit and loss account deficit	18	1,906	(8,251)
CAPITAL AND RESERVES		<u>4,959</u>	<u>3,477</u>
CAPITAL EMPLOYED		<u>53,174</u>	<u>50,282</u>

These financial statements of International Process Technologies Limited, registered number 03139509, were approved and authorised for issue by the Board of Directors on 6th June 2014.

Signed on behalf of the Board of Directors


J M Stoke
Director

**INTERNATIONAL PROCESS TECHNOLOGIES LIMITED
AND SUBSIDIARY COMPANIES**

CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 December 2013

	Note	2013 £'000	2012 £'000
Net cash inflow from operating activities	22	2,798	1,392
Returns on investments and servicing of finance	23	(222)	(208)
Net taxation paid		(361)	(211)
Capital expenditure and financial investment	23	(975)	(1,143)
Net cash inflow / (outflow) before financing		<u>1,240</u>	<u>(170)</u>
Financing	23	<u>(2,992)</u>	<u>(73)</u>
Decrease in cash in the year	24	<u><u>(1,752)</u></u>	<u><u>(243)</u></u>

**INTERNATIONAL PROCESS TECHNOLOGIES LIMITED
AND SUBSIDIARY COMPANIES**

RECONCILIATION OF MOVEMENTS IN CONSOLIDATED SHAREHOLDERS' FUNDS

Year ended 31 December 2013

	2013 £'000	2012 £'000
Profit for the financial year	1,964	1,296
Actuarial gain /(loss) relating to pension scheme	69	(1,483)
(Decrease)/increase on deferred tax attributable to the actuarial gain/(loss) relating to the pension scheme	(16)	363
Loss on the pension scheme deferred tax liability attributable to UK tax rate changes	(129)	(91)
Company re-purchase of existing shares	(2,992)	-
Currency translation differences on net assets of overseas subsidiaries	12	(41)
Net Increase/(decrease) in shareholders' funds	(1,092)	44
Opening shareholders' funds	2,838	2,794
Closing shareholders' funds	1,746	2,838

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

Year ended 31 December 2013

	2013 £'000	2012 £'000
Group		
Profit for the financial year	1,964	1,296
Actuarial gain/(loss) relating to pension scheme	69	(1,483)
(Decrease)/increase on deferred tax attributable to the actuarial gain/(loss) relating to the pension scheme	(16)	363
Loss on the pension scheme deferred tax liability attributable to UK tax rate changes	(129)	(91)
Currency translation differences on net assets of overseas subsidiaries	12	(41)
Total recognised gains and losses relating to the year	1,900	44

INTERNATIONAL PROCESS TECHNOLOGIES LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE ACCOUNTS Year ended 31 December 2013

1. ACCOUNTING POLICIES

Accounting convention

The accounts have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all its subsidiaries for the year ended 31 December 2013.

Going concern

The group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the group should be able to operate within the level of its current banking facility. After making enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Goodwill

On acquisition of a business, fair values are attributed to the Group's share of net tangible assets acquired. Where the cost of acquisition exceeds the values attributable to such net assets, the difference is treated as purchased goodwill and, prior to the adoption of FRS 10, was written off directly to reserves in the year of acquisition. Following the adoption of FRS 10, goodwill arising on acquisitions is capitalised and amortised over its useful economic life, which is generally considered to be twenty years. The directors regard twenty years as a reasonable maximum for the estimated useful life of goodwill since it is difficult to make projections exceeding this period.

The profit or loss on the disposal of previously acquired businesses includes the attributable amount of any purchased goodwill previously written off to reserves relating to that business.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation and provision for any impairment. Depreciation is not provided on freehold land or assets in the course of construction. On other assets it is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation used are as follows:

Freehold and long leasehold buildings	-	over 50 years
Short leasehold buildings	-	over the period of the lease
Plant and machinery	-	over 5 - 13 years
Fixtures, fittings, tools and equipment	-	over 3 - 10 years

Intangible fixed assets

Intangible fixed assets relate to the capitalisation of development costs on future products. These are stated at cost, net of any amortisation and any provision for impairment. Amortisation is provided when the product is launched in equal annual instalments over the estimated useful life of the assets and is calculated on the cost of the assets. The rate of amortisation is as follows:

Development costs:	20% per annum
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Investments

Investments held as fixed assets are stated at cost less provision for any impairment in value.

Stocks

Stocks and work in progress are valued on a first in, first out basis at the lower of cost and net realisable value. Cost includes materials, direct labour and an appropriate proportion of overhead expenses. Provision is made for obsolete, slow moving and defective items.

INTERNATIONAL PROCESS TECHNOLOGIES LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE ACCOUNTS Year ended 31 December 2013

1. ACCOUNTING POLICIES (CONTINUED)

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Redeemable preference shares are included in the balance sheet as liabilities, in accordance with FRS 25.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Turnover

Turnover represents amounts invoiced to customers, less sales returns, exclusive of Value Added Tax. Income is recognised on delivery of goods and services.

Pension costs

The company has fully adopted Financial Reporting Standard 17 "Retirement Benefits" ("FRS 17") in these financial statements. One of the Group's subsidiaries, Plascoat Systems Limited, is the sponsoring employer for the Grosvenor Pension Fund. This defined benefit pension scheme has a FRS 17 deficit of £3,474,000 as at 31 December 2013 (2012: deficit of £3,772,000).

For the defined benefit scheme the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

The assets and liabilities of which are held independently from each company in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately on the face of the balance sheet.

As it is not possible to identify the individual company's share of the underlying assets and liabilities of the scheme, it has been treated as a defined contribution scheme in the individual company accounts for the purposes of FRS 17. In the group accounts, full FRS 17 disclosures have been adopted.

The group also has an insurance backed scheme in respect of the Dutch subsidiary, Plastic Coatings Europe BV. This scheme is treated as a defined contribution scheme in the group financial statements. For defined contribution schemes, the amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year.

From 1 February 2006, all active members transferred out of the defined benefit pension plan. From this date, the company paid contributions to stakeholder pension plan on behalf of participating employees. The company's contributions are charged to the profit and loss account. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

INTERNATIONAL PROCESS TECHNOLOGIES LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE ACCOUNTS Year ended 31 December 2013

1. ACCOUNTING POLICIES (CONTINUED)

Leases

Assets held under finance leases and hire purchase contracts are capitalised at their fair value on the inception of the leases and depreciated over their estimated useful lives. The finance charges are allocated over the period of the lease in proportion to the capital amount outstanding and are charged to the profit and loss account.

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the period of the lease. Where the costs of meeting the lease obligations exceed the benefits expected to be received from utilisation of the leased equipment, the lease is considered onerous and a provision is made for any unavoidable costs arising under the lease arrangement.

Foreign currencies

Transactions of UK companies denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account, except for those relating to capital funding which are taken directly to reserves.

The financial statements of foreign subsidiaries are translated into sterling at the closing rates of exchange and the differences arising from the translation of the opening net investment in subsidiaries at the closing rate is taken directly to reserves.

Research and development

Research costs are written off to the profit and loss account as incurred. Costs of development are written off to the profit and loss account except in cases where they are related to projects in which the profitable outcome can be determined with reasonable certainty. Where this is the case, they have been capitalised within intangible fixed assets and treated as detailed above.

2. TURNOVER

The analysis by geographical area of the Group's turnover by destination is set out below:

	2013 £'000	2012 £'000
United Kingdom	10,683	9,927
Other European countries	12,340	11,214
North America	918	1,238
Rest of the world	6,486	6,037
Total	<u>30,427</u>	<u>28,416</u>

The directors are of the opinion that the Group operates only one class of business.

**INTERNATIONAL PROCESS TECHNOLOGIES LIMITED
AND SUBSIDIARY COMPANIES**

NOTES TO THE ACCOUNTS
Year ended 31 December 2013

3. OPERATING PROFIT

	2013	2012
	£'000	£'000
Operating profit is stated after charging/(crediting):		
Depreciation - owned assets	565	545
- leased assets	220	180
Amortisation - development costs	34	-
Auditor's remuneration (see below)	105	105
Operating leases - land and buildings	24	24
- other operating leases	254	271
Pension settlement costs	-	424
Foreign exchange gains	(264)	(225)

The analysis of auditor's remuneration is as follows:

	2013	2012
	£	£
Fees payable to the company's auditor for the audit of the company's annual accounts	14	12
Fees payable to the company's auditor for other services to the Group		
- The audit of the company's subsidiaries pursuant to legislation	50	49
Total audit fees	64	61
Other services pursuant to legislation		
- Tax services	26	30
- All other services	15	14
Total non-audit fees	41	44

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2013	2012
	£'000	£'000
Directors' remuneration		
Emoluments (excluding pension contributions)	450	475
Pension contributions	29	34
	479	509
	2013	2012
	No.	No.
Number of directors who are members of the company's defined contribution scheme	2	3

**INTERNATIONAL PROCESS TECHNOLOGIES LIMITED
AND SUBSIDIARY COMPANIES**

NOTES TO THE ACCOUNTS
Year ended 31 December 2013

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (CONTINUED)

The amounts in respect of the highest paid director are as follows:

	2013 £000	2012 £000
Emoluments	<u>109</u>	<u>172</u>
Value of company pension contributions to money purchase schemes	<u>10</u>	<u>15</u>

	2013 No.	2012 No.
Average number of persons employed (including directors):		
Management	14	15
Administration	25	23
Production and sales	<u>167</u>	<u>157</u>
	<u>206</u>	<u>195</u>

	2013 £'000	2012 £'000
Staff costs during the year (including directors) were:		
Wages and salaries	6,221	5,731
Social security costs	660	596
Pension costs	<u>260</u>	<u>230</u>
	<u>7,141</u>	<u>6,557</u>

5. NET INTEREST PAYABLE

	2013 £'000	2012 £'000
Interest receivable and similar income:		
Net interest income on pension scheme	<u>108</u>	<u>37</u>
Total interest receivable and similar income	108	37
Interest payable and similar charges:		
Finance lease interest	(46)	(42)
On bank loans and overdrafts	<u>(176)</u>	<u>(166)</u>
	<u>(222)</u>	<u>(208)</u>
Net interest payable	<u>(113)</u>	<u>(171)</u>

**INTERNATIONAL PROCESS TECHNOLOGIES LIMITED
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NOTES TO THE ACCOUNTS
Year ended 31 December 2013

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2013 £'000	2012 £'000
Analysis of tax charge on ordinary activities		
<i>Current tax</i>		
United Kingdom corporation tax at 23.25% (2012: 24.5%)	393	329
Overseas taxation	28	13
Total current tax charge	421	342
<i>Deferred tax</i>		
Deferred tax on pension	114	16
Timing differences, origination and reversal	18	(17)
Change in Deferred Rate	(1)	-
Adjustment to Estimated Recoverable Amount	(2)	-
Total deferred tax charge	129	(1)
Tax charge on profit on ordinary activities	550	341

Factors affecting the tax charge for the current year:

The current tax assessed for the period is lower (2012: lower) than that resulting from applying the standard rate of corporation tax of 23.25% (2012: 24.5%) The differences are explained below:

	2013 £'000	2012 £'000
Profit on ordinary activities before tax	2,535	1,637
Tax at 23.25% (2012: 24.5%) thereon:	589	395
Factors affecting tax charge:		
Expenses not deductible for tax purposes	16	10
R&D tax relief	(49)	(57)
Capital allowances in excess of depreciation	(78)	11
FRS 17 pension adjustment	(114)	(16)
Utilisation of tax losses	57	(1)
Current year tax charge	421	342

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NOTES TO THE ACCOUNTS

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6. TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

A reduction in the UK corporation tax rate from 26% to 24% (effective from 1 April 2013) was substantively enacted on 26 March 2013, and a further reduction to 23% (effective from 1 April 2013) was substantively enacted on 3 July 2013. The impact of the rate reduction has been reflected in the calculation of the UK deferred tax asset not recognised at 31 December 2013. The Government intends to enact future reduction in the main tax rate down to 20% by 1 April 2015. As this tax rate was not substantively enacted at the balance sheet date, the rate reduction is not yet reflected in these financial statements in accordance with FRS 21, as it is a non-adjusting event occurring after the reporting period.

Deferred tax has not been provided in respect of gains realised that have been rolled over into the acquisition cost of replacement assets. This tax will become payable if the replacement assets are sold and further rollover relief is not obtained. The estimated amount of tax that would become payable in these circumstances is: £85,000 (2012: £98,404).

7. PROFIT OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these accounts. The parent company's profit for the financial year attributable to shareholders amounted to a profit of £74,000 (2012: £93,000) in addition to dividends received from subsidiaries of the Group of £4,400,000 (2012: £nil).

8. INTANGIBLE FIXED ASSETS

	Total £'000
Cost	
At 1 January 2013	257
At 31 December 2013	257
Accumulated amortisation	
At 1 January 2013	(223)
Charge for the year	(34)
At 31 December 2013	(257)
Net book value	
At 31 December 2013	-
At 31 December 2012	34

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Year ended 31 December 2013**

9. TANGIBLE FIXED ASSETS

	Freehold land and buildings £'000	Short leasehold land and buildings £'000	Plant and machinery £'000	Fixtures, fittings, tools and equipment £'000	Total £'000
Group					
Cost					
As at 1 January 2013	1,322	1,866	13,078	1,393	17,659
Exchange rate adjustments	8	-	144	8	160
Additions	-	-	831	146	977
Disposals	-	-	(160)	-	(160)
As at 31 December 2013	<u>1,330</u>	<u>1,866</u>	<u>13,893</u>	<u>1,547</u>	<u>18,636</u>
Depreciation					
As at 1 January 2013	238	1,228	8,829	1,219	11,514
Exchange rate adjustments	2	-	79	8	89
Charge for the year	7	23	699	56	785
Reclassification	-	-	(8)	8	-
Disposals	-	-	(158)	-	(158)
As at 31 December 2013	<u>247</u>	<u>1,251</u>	<u>9,441</u>	<u>1,291</u>	<u>12,230</u>
Net book value					
As at 31 December 2013	<u>1,083</u>	<u>615</u>	<u>4,452</u>	<u>256</u>	<u>6,406</u>
As at 31 December 2012	<u>1,084</u>	<u>638</u>	<u>4,249</u>	<u>174</u>	<u>6,145</u>

Freehold land and buildings includes freehold land of £295k (2012: £294k). Included within plant and machinery are assets held under finance leases with a net book value of £2.1m (2012: £1.9m). Depreciation includes a £220k charge for the year in relation to the assets under finance lease for the year with an accumulated depreciation charge at 31 December of £1.5m (2012: £1.2m).

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NOTES TO THE ACCOUNTS
Year ended 31 December 2013

10. INVESTMENTS HELD AS FIXED ASSETS

	Shares in subsidiary undertakings £'000	Loans to subsidiary undertakings £'000	Total £'000
Company			
Cost			
At 1 January 2013 and 31 December 2013	68,280	1,012	69,292
Provision for impairment			
At 1 January 2013 and 31 December 2013	(13,000)	-	(13,000)
Net book value			
At 31 December 2013 and 31 December 2012	55,280	1,012	56,292

The above investments are not listed.

Additional information on subsidiaries

The principal subsidiaries involved in the consolidation of the Group are:

Company	Country of incorporation and operation	Activity	Proportion of ordinary shares held %	Held directly or indirectly
Plascoat International Limited	Great Britain	Former holding company for Group subsidiaries (non-trading)	100	Direct
Plascoat Holdings Limited	Great Britain	Holding company for foreign investments	100	Indirect
Plascoat Systems Limited	Great Britain	Compounding, grinding and manufacture of plastic materials	100	Direct
Plastic Coatings Europe BV	Netherlands	Compounding, grinding and manufacture of plastic materials	100	Indirect
Plastic Coatings Limited	Great Britain	Plastic coating of materials	100	Direct
United Moulders Limited	Great Britain	Plastic Moulding and Assembly	100	Direct

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NOTES TO THE ACCOUNTS
Year ended 31 December 2013

11. STOCKS

	2013	2012
	£'000	£'000
Group		
Raw materials and consumables	1,422	1,501
Work in progress	24	20
Finished goods and goods for resale	1,124	904
	<u>2,570</u>	<u>2,425</u>

There is no material difference between the balance sheet value of stocks and their replacement cost.

12. DEBTORS

	Group	Group	Company	Company
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Trade debtors	4,786	4,807	-	-
Amounts owed by group undertakings	-	-	40	40
Deferred tax asset	-	-	4	4
Other debtors	152	227	95	66
Prepayments and accrued income	124	9	12	37
	<u>5,062</u>	<u>5,043</u>	<u>151</u>	<u>147</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group	Group	Company	Company
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Bank overdraft (see note 15)	1,679	734	-	-
Bank loans (see note 15)	359	228	304	175
Obligations under finance leases (see note 15)	311	369	-	-
Trade creditors	1,945	2,175	-	-
Amounts owed to subsidiary undertakings (see note 15)	-	-	4,388	8,094
Corporation tax	110	80	42	10
Other taxation and social security	278	264	17	17
Accruals and deferred income	1,237	1,071	267	281
	<u>5,919</u>	<u>4,921</u>	<u>5,018</u>	<u>8,577</u>

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Year ended 31 December 2013

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 2013 £'000	Group 2012 £'000	Company 2013 £'000	Company 2012 £'000
Bank loans (see note 15)	2,933	1,561	2,110	700
Obligations under finance leases (see note 15)	729	728	-	-
Amounts owed to subsidiary undertakings (see note 15)	-	-	46,105	46,105
	<u>3,662</u>	<u>2,289</u>	<u>48,215</u>	<u>46,805</u>

Amounts owed to group undertakings represent loans from group companies which are interest free.

15. BORROWINGS

	Group 2013 £'000	Group 2012 £'000	Company 2013 £'000	Company 2012 £'000
Bank overdraft	1,679	734	-	-
Bank loans	3,292	1,789	2,414	875
Obligations under finance leases	1,040	1,097	-	-
Amounts owed to subsidiary undertakings	-	-	50,453	54,183
	<u>6,011</u>	<u>3,620</u>	<u>52,867</u>	<u>55,058</u>
Due within one year or on demand	2,349	1,331	4,652	8,253
Due after more than one year	3,662	2,289	48,215	46,805
	<u>6,011</u>	<u>3,620</u>	<u>52,867</u>	<u>55,058</u>

Analysis of repayments:

Within one year or on demand	2,349	1,331	4,652	8,253
Between one and two years	737	457	304	175
Between two and five years	2,319	1,184	1,806	525
After five years	606	648	46,105	46,105
	<u>6,011</u>	<u>3,620</u>	<u>52,867</u>	<u>55,058</u>

Amounts repayable by instalments, some of which fall due after five years:

	Group 2013 £'000	Group 2012 £'000	Company 2013 £'000	Company 2012 £'000
Bank loans, finance leases and loans from subsidiary				
Total amount	<u>6,011</u>	<u>3,620</u>	<u>52,867</u>	<u>55,058</u>
Instalments after five years	<u>606</u>	<u>648</u>	<u>46,105</u>	<u>46,105</u>

The bank loans and overdraft are secured by a fixed charge over the assets and undertakings of the Group. Interest on the loans is currently charged at between 3% and 5% per annum. Obligations under finance leases are secured on the assets to which they relate.

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**NOTES TO THE ACCOUNTS
Year ended 31 December 2013**

16. PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred tax £'000	Total £'000
Group analysis of movements in provisions:		
At 1 January 2013	271	271
Charged to the profit and loss account in the year	15	15
Amounts in respect of group relief	35	35
Deferred tax rate change	(5)	(5)
Foreign exchange differences	4	4
	<u>320</u>	<u>320</u>
At 31 December 2013	<u>320</u>	<u>320</u>
	2013 £'000	2012 £'000
Deferred taxation provided in the financial statements is as follows:		
Tax effect of timing differences because of:		
Capital allowances in excess of depreciation	323	275
Short term timing differences	(3)	(4)
	<u>320</u>	<u>271</u>

17. SHARE CAPITAL

Group and company

		2013 £'000	2012 £'000
Number	Called up, allotted and fully paid		
28,000,000	Ordinary shares of £0.01 each	280	280
nil	Preference shares of £1 each (100 shares in 2012)	-	-
506,630	Deferred shares of £1 each (981,030 shares in 2012)	507	981
		<u>787</u>	<u>1,261</u>

In July 2013, the Group's Chief Executive took retirement from the business. The Group's repurchase and cancellation of the associated share capital and premium took the following form:

- A capital reduction, under the provisions of s642 of the Companies Act 2006, was performed to eliminate £6,156k of share premium to distributable reserves; and
- the shares (323,740 deferred shares) were repurchased for £2,200k cash which resulted in the elimination of £324k share capital, £1,395k share premium and £473k distributable reserves.

Subsequently in November 2013 the company repurchased 150,660 deferred shares for the purposes of cancellation. This resulted in a reduction in share capital and share premium of £150k and £650k respectively, being eliminated to reserves.

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Year ended 31 December 2013

18. RESERVES

	Capital redemption reserve £'000	Share premium account £'000	Profit and loss account deficit £'000
Group			
As at 1 January 2013	82	10,385	(8,890)
Retained profit for the year	-	-	1,964
Exchange translation differences on net assets of overseas subsidiaries	-	-	12
Company re-purchase of existing shares (see note 17)	-	(2,045)	(473)
Capital reduction (see note 17)	-	(6,156)	6,156
Other recognised gains and losses relating to the year	-	-	(76)
	<u>82</u>	<u>2,184</u>	<u>(1,307)</u>
At 31 December 2013	<u>82</u>	<u>2,184</u>	<u>(1,307)</u>

As a result of adopting FRS 10, the cumulative goodwill previously eliminated against a separate reserve has been deducted from the profit and loss account. In the event of any future disposal of business segments, the goodwill attributable to that segment will be taken into account when calculating any profit or loss arising from the transaction. The cumulative amount of goodwill eliminated directly against the profit and loss account as at 31 December 2013 was £11,845,000 (2012: £11,845,000).

	2013 £'000	2012 £'000
Group pension liability		
Profit and loss account reserve/(deficit) excluding pension asset	2,167	(5,118)
Amount relating to determined pension scheme liability net of related deferred tax	(3,474)	(3,772)
	<u>(1,307)</u>	<u>(8,890)</u>
Profit and loss account deficit	<u>(1,307)</u>	<u>(8,890)</u>

	Capital redemption reserve £'000	Share premium account £'000	Profit and loss account £'000
Company			
At 1 January 2013	82	10,385	(8,251)
Retained profit for the year	-	-	74
Dividends received	-	-	4,400
Company re-purchase of existing shares (see note 17)	-	(2,045)	(473)
Capital reduction (see note 17)	-	(6,156)	6,156
	<u>82</u>	<u>2,184</u>	<u>1,906</u>
At 31 December 2013	<u>82</u>	<u>2,184</u>	<u>1,906</u>

INTERNATIONAL PROCESS TECHNOLOGIES LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE ACCOUNTS Year ended 31 December 2013

19. FINANCIAL COMMITMENTS AND CONTINGENT LIABILITIES

At 31 December 2013, the Group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Group				
Expiring within one year	-	-	117	17
Expiring between two and five years inclusive	-	-	162	166
Expiring after more than five years	24	24	-	-
	<u>24</u>	<u>24</u>	<u>279</u>	<u>183</u>

20. PENSION COSTS

Prior to 1 February 2006, the sponsoring employer Plascoat Systems Limited contributed to the Grosvenor Pension Fund in the UK providing benefits based on final pensionable pay. From 1 February 2006, all active members transferred out of the scheme and the sponsoring employer has resumed contributions to the scheme as a result of the recent triennial pension valuation. The assets of the scheme are held separately from those of the group in a trustee administered fund.

For FRS 17 purposes, a valuation that starts by recognising the scheme assets and liabilities, and subsequently recognises movements in the period that they arise, has been prepared by qualified independent actuaries as at 31 December 2013.

The scheme actuary has calculated that a 0.5% reduction in the discount rate would result in the actuarial liabilities increasing by £1.4m.

The major assumptions used by the actuary were:

	2013	2012	2011	2010	2009
	%	%	%	%	%
Discount rate	4.60	4.4	5.5	5.9	6.4
Rate of increases in salaries	-	-	-	-	-
Inflation assumption	3.20	2.50	2.75	3.3	3.5
Pension increases	3.00	3.0	3.0	3.0	3.0

The fair value of the assets of the scheme and the expected rate of return at the end of each financial year were:

	Fair value at 31 Dec 2013	Expected rate of return at 31 Dec 2013	Fair value at 31 Dec 2012	Expected rate of return at 31 Dec 2012	Fair value at 31 Dec 2011	Expected rate of return at 31 Dec 2011
	£'000	%	£'000	%	£'000	%
Equities	12,717	7.50	12,191	7.50	13,033	8.0
Gilts	2,062	3.45	2,152	2.30	2,410	2.5
Corporate Bonds	6,247	4.60	6,334	4.40	6,600	5.5
Cash	54	2.00	292	2.00	269	2.0
	<u>21,080</u>	<u>6.23</u>	<u>20,969</u>	<u>5.95</u>	<u>22,312</u>	<u>6.59</u>

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20. PENSION COSTS (CONTINUED)

	Fair value at 31 Dec 2010 £'000	Expected rate of return at 31 Dec 2010 %	Fair value at 31 Dec 2009 £'000	Expected rate of return at 31 Dec 2009 %
Equities	13,188	8.0	13,053	8.0
Gilts	2,017	4.0	6,637	4.45
Corporate Bonds	7,735	5.9	2,494	8.0
Cash	1,006	2.0	676	2.0
	<u>23,946</u>	<u>6.73</u>	<u>22,860</u>	<u>6.62</u>

	2013 £'000	2012 £'000
Analysis of the amount charged to operating profit:		
Current service cost of defined benefit schemes	-	-
Loss on settlements and curtailments	20	289
	<u>20</u>	<u>289</u>

	2013 £'000	2012 £'000
Analysis of the amount charged to net finance charges:		
Expected return on pension scheme assets	1,207	1,376
Interest on pension scheme liabilities	(1,099)	(1,339)
	<u>108</u>	<u>37</u>

	2013 £'000	2012 £'000	2011 £'000	2010 £'000	2009 £'000
Amount recognised in the statement of total recognised gains and losses (STRGL)					
Difference between actual return less expected return on pension scheme assets	295	142	(1,763)	936	1,498
% of scheme assets	1.4%	0.7%	(7.9%)	3.9%	6.6%
Experience gains/(losses) arising on the scheme liabilities	(302)	882	(2)	-	190
% of scheme liabilities	(1.2%)	3.4%	(0.0%)	-	-
Effects of changes in assumptions underlying the present value of the scheme liabilities	76	(2,507)	(676)	(929)	(3,457)
% of scheme liabilities	0.3%	(9.7%)	2.6%	3.7%	10.0%
Total actuarial (losses) / gains recognised in STRGL	<u>69</u>	<u>(1,483)</u>	<u>(2,441)</u>	<u>7</u>	<u>(1,769)</u>

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Year ended 31 December 2013

20. PENSION COSTS (CONTINUED)

Reconciliation of scheme assets and liabilities to the balance sheet

Total market value of assets	21,080	20,969	22,312	23,946	22,860
Present value of scheme liabilities	(25,422)	(25,868)	(25,793)	(25,410)	(24,659)
Deficit in scheme	(4,342)	(4,899)	(3,481)	(1,464)	(1,799)
Related deferred tax asset	868	1,127	871	395	504
Net pension liability	(3,474)	(3,772)	(2,610)	(1,069)	(1,295)

	2013	2012
	£'000	£'000
Movement in deficit during the year:		
Deficit in scheme at beginning of the year	(4,899)	(3,481)
Contributions	400	317
Settlement in profit and loss	(20)	(289)
Other finance income	108	37
Actuarial gain/(loss) in STRGL	69	(1,483)
Deficit in scheme at end of the year	(4,342)	(4,899)

	2013	2012
	£'000	£'000
Movement in related deferred tax balances:		
Deferred tax at beginning of the year	1,127	871
Movement in year:		
- Profit and loss account	(114)	(16)
- Statement of total recognised gains and losses	(16)	363
- Change in deferred tax rate	(129)	(91)
	868	1,127

In respect of the Dutch subsidiary, Plastic Coatings Europe BV, contributions of £137,158 (2012: £171,828) have been made in the year. There were no outstanding contributions at the balance sheet date (2012: £nil).

21. CAPITAL COMMITMENTS

	2013	2012
	£'000	£'000
Group		
Capital expenditure, approved and contracted	569	303

A corporate cross guarantee exists between International Process Technologies Limited, Plascoat UK Limited, Plascoat International Limited, Plascoat Holdings Limited, Plastic Coatings Limited, Plascoat Systems Limited and United Moulders Limited.

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22. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2013 £'000	2012 £'000
Operating profit	2,628	1,808
Depreciation and amortisation	819	725
Increase in stocks	(145)	(341)
Increase in debtors	(19)	(653)
(Decrease)/increase in creditors	(50)	13
Decrease in provisions	(1)	(159)
Exchange rate adjustment	(34)	27
Pension settlement	-	289
Adjustment for pension funding	(400)	(317)
Net cash inflow from operating activities	<u>2,798</u>	<u>1,392</u>

23. ANALYSIS OF CASH FLOWS

	2013 £'000	2013 £'000	2012 £'000	2012 £'000
Returns on investments and servicing of finance				
Interest received			-	
Finance lease interest paid	(46)		(42)	
Interest paid	(176)		(166)	
	<u></u>	<u>(222)</u>	<u></u>	<u>(208)</u>
Capital expenditure and financial investment				
Purchase of tangible fixed assets	(977)		(1,143)	
Proceeds from sale of fixed assets	2		-	
	<u></u>	<u>(975)</u>	<u></u>	<u>(1,143)</u>
Financing				
Finance leases	-		226	
Bank loans repayments	-		(299)	
Purchase of own shares	(2,992)		-	
	<u></u>	<u>(2,992)</u>	<u></u>	<u>(73)</u>

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24. ANALYSIS OF NET DEBT

	At 1 January 2013 £'000	Cash flow £'000	At 31 December 2013 £'000
Cash at bank	444	639	1,083
Overdraft	(734)	(945)	(1,679)
	<u>(290)</u>	<u>(306)</u>	<u>(596)</u>
Finance leases	(1,097)	57	(1,040)
Debt due within one year	(228)	(130)	(358)
Debt due after one year	(1,561)	(1,373)	(2,934)
	<u>(2,886)</u>	<u>(1,446)</u>	<u>(4,332)</u>
	<u>(3,176)</u>	<u>(1,752)</u>	<u>(4,928)</u>

25. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	£'000
Decrease in cash in the year	(3,640)
Cash movement from increase in debt and lease financing	1,888
Movement in net debt in the year	<u>(1,752)</u>
Net debt at 1 January 2013	<u>(3,176)</u>
Net debt at 31 December 2013	<u>(4,928)</u>

26. RELATED PARTY TRANSACTIONS AND CONTROLLING PARTY

There are no related parties other than group companies and the directors of International Process Technologies Limited. The Group has taken advantage of the exemption available under paragraph 3(c) of FRS 8 not to disclose any transactions or balances between Group companies.

The directors of the Company, as listed on page 1, control the Company as a result of controlling directly 100% of the issued share capital of the Company.

All transactions related to the directors are discussed in Note 4 and in Note 17 to the financial statements.