

Silvertown UK Limited

**Directors' report and financial
statements**

Registered number 03456907

For the year ended 30 September 2009

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Company information

Directors	T D Pryce S R Finn
Secretary	S R Finn
Auditors	KPMG LLP St Nicholas House Park Row Nottingham NG1 6FQ
Bankers	Lloyds TSB Bank plc Colmore Row Birmingham West Midlands B3 3SQ
Registered office	Victoria Works Thrumpton Lane Retford Nottinghamshire DN22 6HH
Registered number	03456907

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 September 2009

Principal activity

The principal activity of the company is that of the manufacture and distribution of rubber products, trading under the brand name Silentbloc. There have not been any significant changes in the principal activities in the year under review. The directors are not, at the date of this report, aware of any likely major changes in the activities in the next year.

Business review

The results for the year are set out in the attached financial statements. The directors consider the results to be satisfactory.

The year under review has seen a significant improvement in the financial performance of the company, despite the challenging economic circumstances, growth has been obtained by a more focused approach to markets served. The development of the organisation, culturally, structurally and financially has positioned the company to capitalise fully on the many approvals it holds and leverage the target markets.

- Rail / Mass Transit – vehicles and infrastructure
- Construction – vehicles and infrastructure

As shown in the profit and loss account on page 7, turnover on continuing activities has increased by £983,000 (19%). Gross margin increased by £627,000 (27%) and operating profit increased by £611,000 to £844,000.

A major factor resulting in the increase in operating profit was the fruition of management activity to develop the target markets of Rail / Mass Transit and Construction, whilst simultaneously developing the supply chain and achieving manufacturing efficiencies. This is reflected in the increased gross profit. The focus on overhead costs continued through the year. The Group is now operating with an overhead base aligned to the continuing future business. The stable structure allowed focus to return to customer service and supplier relationships, both of which improved significantly during the year.

Customer metrics were dramatically improved over the year enabling customer and supplier value enhancing relationships to be executed.

Continuous improvement activity is ongoing and a supplier development programme has been initiated, targeted to deliver more effective sourcing of materials and services which will benefit future financial performance and cash flow.

The balance sheet on page 8 of the financial statements shows the company's financial position at the year end.

The basic KPI's ('Key Performance Indicators') upon which the company bases financial evaluations are gross profit and operating profit.

The company remains confident that growth in turnover and operating profit will be achieved in the forthcoming year and the company will continue to build on its reputation as a premium manufacturer of rubber products.

Directors' report *(continued)*

Principal risks and uncertainties

The demand for the company's products continues to grow and balance its traditional domestic business. Icon is fast becoming the market leader in specific product ranges across platforms. To service our customer base the sales and engineering team was further developed enabling it to compete worldwide. The company strives to provide added-value products and services to its customers through the design and supply of highly engineered components, requiring extensive validation, the development of joint value-creation initiatives, and prompt response times in the supply of products and services. This is achieved through strong customer and supplier relationships at multiple levels of the organisation.

The company has a global reach, relating to its customer and supplier base and therefore operates in several currencies. The group manages any exposure from currency movements with forward foreign exchange contracts.

The company's businesses may be affected by fluctuations in the price and supply of key raw materials, although purchasing policies and practices seek to mitigate, where practicable, such risks.

Environment

The company recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to mitigate any adverse impact that might be caused by its activities. Initiatives aimed at minimising the company's impact on the environment include safe disposal of manufacturing waste, recycling and reducing energy consumption.

Employees

Details of the number of employees and related costs can be found in note 4 to the financial statements.

The company has no employees. Employee services are provided by Silentbloc UK Limited under an agency agreement.

Research and development

During the year the company maintained its strong emphasis on research and development. Activities consisted of company personnel working with established and potential customers to improve products and develop new ones.

Dividends

A dividend of £1,454.55 per ordinary share was paid to ordinary shareholders on 1 July 2009 (2008: £nil).

Directors

The directors who held office during the year were as follows:

R H Gogerty	- resigned 1 July 2009
T D Pryce	- appointed 1 July 2009
S R Finn	

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Directors' report *(continued)*

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office

By order of the board



S R Finn
Secretary

Dated 25 February 2010

Statement of directors' responsibilities in respect of the directors' report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



Report of the independent auditors to the members of Silvertown UK Limited

We have audited the financial statements of Silvertown UK Limited for the year ended 30 September 2009 set out on pages 7 to 14. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 auditors' 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 5, 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKNP.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 September 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with UK 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 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.

Wayne Cox (*Senior Statutory Auditor*)

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

St Nicholas House
Park Row
Nottingham
NG1 6FQ

Dated 25 February 2010

Profit and loss account
for the year ended 30 September 2009

	<i>Note</i>	2009 £000	2008 £000
Turnover	2	6,167	5,184
Cost of sales		(3,239)	(2,883)
Gross profit		2,928	2,301
Distribution costs		(63)	(50)
Administrative expenses		(2,021)	(2,018)
Operating profit and profit on ordinary activities before taxation	3	844	233
Tax on profit on ordinary activities	5	(239)	(89)
Profit on ordinary activities after taxation	12	605	144
- - - - -		- - - - -	- - - - -

There were no recognised gains or losses in either the current or preceding year other than those disclosed in the profit and loss account

There is no material difference between the results for the period as disclosed above and the result given by an unmodified historical cost

In both the current and preceding years, the company made no material acquisitions and had no discontinued operations

The notes on pages 9 to 14 form part of these financial statements

Balance sheet
as at 30 September 2009

	Note	2009 £000	2008 £000
Fixed assets			
Tangible fixed assets	6	1,007	1,169
Current assets			
Stocks	7	589	352
Debtors	8	3,069	3,075
		<u>3,658</u>	<u>3,427</u>
Creditors: amounts falling due within one year	9	<u>(3,471)</u>	<u>(3,207)</u>
Net current assets		<u>187</u>	<u>220</u>
Net assets		<u><u>1,194</u></u>	<u><u>1,389</u></u>
Capital and reserves			
Called up share capital	- 11	1	1
Share premium	12	549	549
Profit and loss account	12	644	839
Shareholders' funds	13	<u><u>1,194</u></u>	<u><u>1,389</u></u>

These financial statements were approved by the board of directors on 25 February 2010 and were signed on its behalf by


T D Pryce
Director


S R Finn
Director

Company number - 03456907

Notes

(forming part of the financial statements)

1 Principal accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

Basis of preparation

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

Turnover

Turnover is the amount derived from the sale of goods and services falling within the company's ordinary activities excluding trade discounts and sales taxes

Research and development

Research and development expenditure is expensed as incurred

Depreciation

Depreciation is provided to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the estimated useful economic lives at the following annual rates

Plant and equipment	5% to 33 3%
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Stocks

Stocks are stated at the lower of cost incurred in bringing each product to its present location and condition and net realisable value, as follows

Raw materials, consumables and goods for resale	Purchase cost on a first-in, first-out basis
Work in progress and finished goods	Cost of direct materials and labour plus attributable overheads based on a normal level of activity

Net realisable value is based on estimated sales price less any further costs expected to be incurred to completion and disposal

Operating leases

Rentals payable under operating leases are charged to the profit and loss on a straight line basis over the lease term

Deferred taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by Financial Reporting Standard 19 'Deferred taxation'

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial period and transactions are recorded at the rate of exchange relevant to the date of the transaction or a relevant forward contract rate. Exchange differences are taken to the profit and loss account in the period in which they arise

Pensions

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period

Notes (continued)

1 Principal accounting policies (continued)

Cash flow statement

The company has taken advantage of the exemption for wholly owned subsidiaries contained in FRS 1 (revised 1996) from preparing a cash flow statement

Classification of financial instruments issued by the company

Under FRS 25, financial instruments issued by the company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions

- a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company, and
- b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy. The finance cost on the financial liability component is correspondingly higher over the life of the instrument

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholders' funds

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements

2 Turnover

The directors have taken advantage of the exemption under section 55(2) of the Companies Act 1985 from disclosure of segmental reporting on the grounds that such disclosure would be prejudicial to the company's interests

3 Operating profit

	2009 £000	2008 £000
<i>This is stated after charging</i>		
Depreciation of tangible fixed assets - owned	249	297
Hire of plant and machinery	11	15
Foreign exchange losses/(gains)	44	(31)
<i>Auditors' remuneration</i>		
- audit of these financial statements	10	15
- audit of the financial statements of a fellow group company	5	-
- other services relating to taxation	3	5

Notes (continued)

4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year was two (2008 two)

The only employees are the directors and they are remunerated by other group companies

5 Taxation

Analysis of charge in period

	2009 £000	2008 £000
<i>UK corporation tax</i>		
Current tax on income for the period	189	-
	<hr/>	<hr/>
Current tax charge	189	-
<i>Deferred tax</i>		
In respect of the current year	94	69
In respect of prior period	(44)	20
	<hr/>	<hr/>
Total tax charge/(credit)	239	89
	<hr/>	<hr/>

Factors affecting tax charge for the current period

The current tax charge for the period is lower (2008 lower) than the standard rate of corporation tax in the UK of 28% (2008 29%). The differences are explained below

	2009 £000	2008 £000
Profit on ordinary activities before tax	844	233
	<hr/>	<hr/>
Current tax at 28% (2008 29%)	236	68
<i>Effects of</i>		
Expenses not deductible for tax purposes	1	1
Capital allowances for the period in excess of depreciation	(4)	(15)
Other timing differences	-	(22)
Utilisation of tax losses	(44)	(32)
	<hr/>	<hr/>
Total current tax charge	189	-
	<hr/>	<hr/>

Notes (continued)

6 Tangible fixed assets

	Plant and equipment £000
<i>Cost</i>	
At 1 October 2008	6,393
Additions	87
Disposals	(1,711)
	<hr/>
At 30 September 2009	4,769
	<hr/>
<i>Accumulated depreciation</i>	
At 1 October 2008	5,224
Charge for the year	249
Disposals	(1,711)
	<hr/>
At 30 September 2009	3,762
	<hr/>
<i>Net book value</i>	
At 30 September 2009	1,007
	<hr/> <hr/>
At 30 September 2008	1,169
	<hr/> <hr/>

7 Stocks

	2009 £000	2008 £000
Raw materials and consumables	325	257
Work in progress	111	68
Finished goods and goods for resale	153	27
	<hr/>	<hr/>
	589	352
	<hr/> <hr/>	<hr/> <hr/>

8 Debtors

	2009 £000	2008 £000
Trade debtors	1,038	1,196
Amounts due from group undertakings	1,885	1,684
Prepayments and accrued income	96	95
Deferred taxation (note 10)	50	100
	<hr/>	<hr/>
	3,069	3,075
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

9 Creditors: amounts falling due within one year

	2009 £000	2008 £000
Trade creditors	569	737
Amounts due to group undertakings	2,564	2,285
Taxation and social security	50	85
Accruals and deferred income	99	100
Corporation tax	189	-
	<u>3,471</u>	<u>3,207</u>

10 Deferred taxation

	£000
At 1 October 2008	(100)
Charge for the year	50
	<u> </u>
At 30 September 2009	<u>(50)</u>

The amounts of provided and unprovided deferred taxation are set out below

	Provided		Unprovided	
	2009 £000	2008 £000	2009 £000	2008 £000
Accelerated capital allowances	(50)	(56)	-	-
Losses	-	(44)	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Deferred tax asset (note 8)	(50)	(100)	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

11 Share capital

	2009 £000	2008 £000
<i>Authorised, allotted, called up and fully paid</i>		
550 ordinary shares of £1 each	1	1
	<u> </u>	<u> </u>

12 Share premium and reserves

	Share premium £000	Profit and loss account £000
At 1 October 2008	549	839
Profit for the year	-	605
Dividends	-	(800)
	<u> </u>	<u> </u>
At 30 September 2009	<u>549</u>	<u>644</u>

Notes (continued)

13 Reconciliation of movements in shareholders' funds

	2009 £000	2008 £000
Profit for the financial year	605	144
Dividends paid	(800)	-
	<hr/>	<hr/>
Net (reduction in)/addition to shareholders' funds	(195)	144
Opening shareholders' funds	1,389	1,245
	<hr/>	<hr/>
Closing shareholders' funds	1,194	1,389
	<hr/> <hr/>	<hr/> <hr/>

14 Contingent liabilities

At 30 September 2009 the company has a cross guarantee in respect of loans and bank borrowing with fellow group undertakings, which amounted to £14,159,000 (2008 £9,569,000)

15 Operating lease commitments

The company has financial commitments in respect of non-cancellable operating leases. The annual commitment under these leases in the next year is as follows

	Plant and machinery 2009 £000	2008 £000
Expiring within one year	5	1
Expiring between two and five years inclusive	6	-
Expiring in over five years	-	-
	<hr/>	<hr/>
	11	1
	<hr/> <hr/>	<hr/> <hr/>

16 Related party disclosures

The company has taken advantage of the exemption in FRS 8 and has not disclosed transactions or balances with entities that are part of the group

17 Ultimate controlling party

The company's ultimate parent undertaking and controlling party is Icon Polymer Group Limited, and copies of its financial statements can be obtained from Icon Polymer Limited, Retford, Nottinghamshire, England, DN22 6HH