

Registered Number: 04008521

Seal Analytical Limited  
Annual report and accounts  
for the year ended 30 November 2012

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# **Seal Analytical Limited**

## **Annual report and accounts for the year ended 30 November 2012**

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# **Seal Analytical Limited**

## **Directors' report for the year ended 30 November 2012**

The Directors present their report and the audited financial statements of the Company for the year ended 30 November 2012

### **Principal activities**

Throughout the year the principal activity of the Company was the sale and servicing of water analysis equipment and related consumables. The Company is a subsidiary of Porvair plc.

### **Review of business and future developments**

The level of business of the Company during the year and its financial position at 30 November 2012 were both considered to be satisfactory. Opportunities for developing the global position of the discrete water analyser continue to be explored. On 5 December 2011, the Company purchased the Block Digestion product range from AIM Lab Automation Technologies Pty Limited based in Australia.

Further discussion of the business review and future developments, in the context of the Porvair group as a whole, including the Company, is provided in the Chairman's statement, Chief Executive's report and the Finance Director's review in the Porvair plc annual report, which does not form part of this report.

### **Research and development**

The Company continues a programme of development of its existing systems and new systems to support future growth opportunities. The development is largely completed in-house rather than through third parties.

### **Key performance indicators**

The Company considers its key performance indicators to be revenue growth and operating margin, revenue from new products, profit before tax growth and return on capital employed. Further discussion of these key performance indicators, in the context of the group as a whole, including the Company, is provided in the Chairman's statement, Chief Executive's report and the Finance Director's review in the Porvair plc annual report, which does not form part of this report.

### **Principal risks and uncertainties**

The management of the business and the execution of the Company's strategy are subject to a number of risks. Further discussion of these risks and uncertainties, in the context of the group as a whole, including the Company, is provided on pages 17 to 19 of the Porvair plc annual report, which does not form part of this report.

### **Financial risk management**

The Company's operations expose it to a variety of financial risks that include the effects of liquidity risk, foreign exchange risk and credit risk. The Company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company. Given the size of the Company, the Directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of Directors are implemented by the Company's finance department.

### ***Liquidity risk***

The ultimate parent company ensures the Company has sufficient available funds for operations and planned growth.

# **Seal Analytical Limited**

## **Directors' report for the year ended 30 November 2012 (continued)**

### **Financial risk management (continued)**

#### *Foreign exchange risk*

The Company sells its products in both US dollars and Euros and is exposed to exchange rate movements. The exposure to exchange rate movements is partially mitigated by purchases in those currencies and inter-company loan balances, in addition to which, the Company selectively enters into forward currency contracts in relation to its principal foreign currency denominated revenues to reduce the impact of exchange rate movements.

#### *Credit risk*

The Company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed annually.

### **Results and dividends**

The Company's results for the year are shown on page 6. The Company made a profit after tax of £564,000 in the year (2011: £334,000). The Directors have not paid or proposed any dividends in the year (2011: £nil).

### **Directors**

The Directors who were in office during the year and up to the date of signing the financial statements were as follows:

B D W Stocks  
C P Tyler  
I Stirling  
S Smith

### **Statement of Directors' responsibilities**

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 the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the company for that period.

In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

# **Seal Analytical Limited**

## **Directors' report for the year ended 30 November 2012 (continued)**

### **Statement of Directors' responsibilities (continued)**

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Directors' responsibility for provision of information to the Auditors**

In accordance with Section 418 of the Companies Act 2006, each director in office at the date the Directors' report is approved, has confirmed that

(a) so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and

(b) he has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### **Employment policies**

The Company's employment policies encourage the provision of employment opportunities for disabled people, racial minorities and other disadvantaged groups. The Company endeavours to keep its employees well informed about the progress of their company.

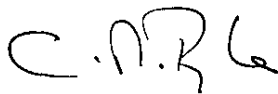
### **Charitable and political contributions**

Donations made by the Company for charitable purposes were £Nil (2011: £Nil). There were no political donations in either year.

### **Independent auditors**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board



C P Tyler

**Company secretary**

9 August 2013

# **Seal Analytical Limited**

## **Independent auditors' report to the members of Seal Analytical Limited**

We have audited the financial statements of Seal Analytical Limited for the year ended 30 November 2012 which comprise the Profit and Loss Account, the Balance Sheet, the Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

### **Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on pages 2 and 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 Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **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 and accounts 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 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 November 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

### **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.

## **Seal Analytical Limited**

### **Independent auditors' report to the members of Seal Analytical 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



Christopher Maw (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Cambridge

9 August 2013

## Seal Analytical Limited

### Profit and loss account for the year ended 30 November 2012

	Note	Year ended 30 November 2012 £'000	Year ended 30 November 2011 £'000
<b>Turnover</b>	1	1,346	1,249
Cost of sales		(819)	(758)
<b>Gross profit</b>		527	491
Distribution costs		(25)	(26)
Administrative expenses		(510)	(389)
<b>Operating (loss)/profit</b>	2	(8)	76
Income from fixed asset investments		561	264
<b>Profit on ordinary activities before taxation</b>		553	340
Tax on profit on ordinary activities	5	11	(6)
<b>Profit for the financial year</b>	14,15	564	334

All of the above operations relate to continuing activities

The Company had no recognised gains or losses other than those reported above and therefore no separate statement of total recognised gains and losses has been presented



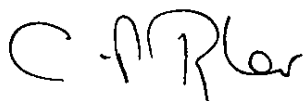
# Seal Analytical Limited

## Balance sheet as at 30 November 2011

Registered Number: 04008521

	Note	2012 £'000	2011 £'000
<b>Fixed assets</b>			
Intangible assets	6	479	-
Tangible assets	7	11	62
Investments	8	17	17
		507	79
<b>Current assets</b>			
Stocks	9	247	437
Debtors	10	817	689
Cash at bank and in hand		841	629
		1,905	1,755
<b>Creditors: amounts falling due within one year</b>	11	(272)	(258)
<b>Net current assets</b>		1,633	1,497
<b>Total assets less current liabilities</b>		2,140	1,576
<b>Net assets</b>		2,140	1,576
<b>Capital and reserves</b>			
Called up share capital	13	230	230
Share premium account	14	575	575
Profit and loss account	14	1,335	771
<b>Total shareholders' funds</b>	15	2,140	1,576

The financial statements on pages 6 to 19 were approved by the Board of directors on 9 August 2013 and were signed on its behalf by



C P Tyler  
Director

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# Seal Analytical Limited

## Accounting policies

### Basis of accounting

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable UK accounting standards. The principal accounting policies, which have been applied consistently, are set out below.

### Cash flow statement

The Company has taken advantage from the exemption in Financial Reporting Standard (FRS) 1 (revised 1996) 'Cash flow statements' from publishing a cash flow statement.

### Turnover

Turnover is the total amount receivable from external customers for goods and services supplied in the ordinary course of business and excludes value added tax. Turnover is recognised at the point the risks and rewards are transferred, typically once goods are despatched to the customer. Turnover in relation to service contracts is recognised on a straight line basis over the period of the contract.

### Tangible fixed assets and depreciation

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to working condition for its intended use.

Depreciation is calculated so as to write down the cost, less estimated residual value, of tangible fixed assets by equal annual instalments over their expected useful lives, as follows:

Plant, machinery and equipment	25-33% straight line
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### Goodwill

Purchased goodwill represents the excess of the fair value of total purchase consideration over the fair value of the net assets acquired. This is capitalised as an intangible fixed asset and amortised through the profit and loss account on a straight-line basis over its estimated life of 10 years.

### Other intangible fixed assets

Software, process technology, know-how and design rights are measured initially at cost and then amortised over their estimated useful lives, which are deemed to be 3 years, on a straight line basis.

### Investments

Fixed asset investments are stated at cost less provision for diminution in value.

### Stock

Stock is valued at the lower of cost and net realisable value. Cost of finished goods and work in progress includes all expenditure incurred in the normal course of business in bringing the stock to its present location and condition and overheads appropriate to the stage of manufacture. Cost is derived based on the weighted average cost of purchased materials. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete and slow-moving items.

# **Seal Analytical Limited**

## **Accounting policies (continued)**

### **Leases**

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

### **Foreign currency translation**

Monetary assets and liabilities in foreign currencies are translated into Sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into Sterling at the rate of exchange ruling at the date of the transaction. All differences are taken to the profit and loss account.

### **Pension contributions**

The Company operates a defined contribution scheme for its employees. The pension costs charged in the financial statements represent the contributions payable by the Company during the year.

### **Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated on a non-discounted basis at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised.

### **Exceptional items**

In accordance with Financial Reporting Standard (FRS) 3 'Reporting financial performance' the Company presents certain items as exceptional. These are material items which derive from events or transactions that fall within the Company's ordinary activities and which individually or, if of a similar type, in aggregate, need to be separately disclosed by virtue of their size, nature or incidence to enable a full understanding of the Company's financial performance.

### **Research and development expenditure**

All research and development expenditure is written off to the profit and loss account as incurred.

# **Seal Analytical Limited**

## **Accounting policies (continued)**

### **Patents and trademarks**

All expenditure on the registration, renewal and maintenance of patents and trade marks is written off to the profit and loss account as incurred

### **Consolidated financial statements**

The financial statements present information about the Company as an individual undertaking and not about its Group. The Company has not prepared Group accounts as it is exempt from the requirement to do so by section 400 of the Companies Act 2006 as it is a subsidiary undertaking of Porvair plc, a company incorporated in England and Wales, and is included in the consolidated accounts of that company

# Seal Analytical Limited

## Notes to the financial statements for the year ended 30 November 2012

### 1 Turnover

Turnover is attributable to the principal activity of the Company

An analysis of turnover by geographical destination is given below

	<b>Year ended 30 November 2012 £'000</b>	<b>Year ended 30 November 2011 £'000</b>
United Kingdom	759	572
Europe	148	95
Americas	439	439
Asia	-	143
	<b>1,346</b>	<b>1,249</b>

### 2 Operating (loss)/profit

	<b>Year ended 30 November 2012 £'000</b>	<b>Year ended 30 November 2011 £'000</b>
Operating (loss)/profit is stated after charging		
Amortisation of intangible fixed assets	59	-
Depreciation of tangible fixed assets		
Owned assets	52	105
Operating lease rentals		
Plant and machinery	28	28
Research and development costs	21	21
Loss on foreign exchange transactions	6	10
<b>Services provided by the Company's auditors</b>		
The Company obtained the following services from the Company's auditors at costs detailed below		
The audit of the Company financial statements pursuant to legislation	5	5
Taxation compliance services	4	4

# Seal Analytical Limited

## Notes to the financial statements for the year ended 30 November 2012 (continued)

### 3 Employee information

The average monthly number of staff employed by the Company, including Directors, during the year by activity was as follows

	Year ended 30 November 2012 Number	Year ended 30 November 2011 Number
Sales and service	5	4
Administration	2	2
	7	6

The cost of employing those staff comprised the following

	Year ended 30 November 2012 £'000	Year ended 30 November 2011 £'000
Wages and salaries	243	217
Social security costs	27	27
Pension costs (see note 16)	9	5
	279	249

### 4 Directors' remuneration

None of the Directors received remuneration for their services to the Company

# Seal Analytical Limited

## Notes to the financial statements for the year ended 30 November 2012 (continued)

### 5 Tax on profit on ordinary activities

	Year ended 30 November 2012 £'000	Year ended 30 November 2011 £'000
Current tax		
UK Corporation tax	(11)	(43)
Adjustment in respect of prior years	-	17
<b>Total current tax charge</b>	<b>(11)</b>	<b>(26)</b>
Deferred tax		
Origination and reversal of timing differences	22	14
Effect of changes in deferred tax rates	-	6
<b>Total deferred tax credit</b>	<b>22</b>	<b>20</b>
<b>Tax credit/(charge) on profit on ordinary activities</b>	<b>11</b>	<b>(6)</b>

The tax assessed for the year is lower than (2011 lower than) the standard rate of corporation tax in the UK at 24.67% (2011 26.67%). The differences are explained below

	Year ended 30 November 2012 £'000	Year ended 30 November 2011 £'000
Profit on ordinary activities before taxation	553	340
Profit on ordinary activities multiplied by the standard rate of		
UK Corporation tax of 24.67% (2011 26.67%)	(136)	(91)
Effects of		
Non-taxable dividend receivable	138	70
Non-deductible (expenses)/income	(2)	(6)
Accelerated capital allowances	(22)	(14)
Other short term timing differences	11	(4)
Research and development credit	-	2
Adjustment in respect of prior years	-	17
<b>Current tax charge for the year</b>	<b>(11)</b>	<b>(26)</b>

# Seal Analytical Limited

## Notes to the financial statements for the year ended 30 November 2012 (continued)

### 5 Tax on profit on ordinary activities (continued)

The standard rate of Corporation tax in the UK changed from 26% to 24% with effect from 1 April 2012. Accordingly, the Company's profits for this accounting period are taxed at an effective rate of 24.67% and will be taxed at 24% in the future.

During the year, as a result of the change in UK Corporation Tax rates which will be effective from 1 April 2013, deferred tax balances have been remeasured. Deferred tax relating to timing differences which are expected to reverse prior to 1 April 2013 is measured at 24% and deferred tax relating to timing differences expected to reverse after 1 April 2013 is measured at the tax rate of 23% as these are the rates that will apply on reversal. A further reduction has been proposed to reduce the rate to 21% from 1 April 2014 and to 20% from 1 April 2015, these changes were substantively enacted in July 2013. The changes are not anticipated to have a material impact on the Company's financial statements in future periods.

### 6 Intangible assets

	Goodwill	Software	Process Technology, Know-how and Design Rights	Total
	£'000	£'000	£'000	£'000
<b>Cost</b>				
At 1 December 2011	-	-	-	-
Additions	-	-	80	80
Acquisitions	406	19	33	458
<b>At 30 November 2012</b>	<b>406</b>	<b>19</b>	<b>113</b>	<b>538</b>
<b>Accumulated depreciation</b>				
At 1 December 2011	-	-	-	-
Charge for the year	41	7	11	59
<b>At 30 November 2012</b>	<b>41</b>	<b>7</b>	<b>11</b>	<b>59</b>
<b>Net book value</b>				
<b>At 30 November 2012</b>	<b>365</b>	<b>12</b>	<b>102</b>	<b>479</b>
At 30 November 2011	-	-	-	-

On 5 December 2011, the Company purchased the Block Digestion product range from AIM Lab Automation Technologies Pty Limited based in Australia. The total initial consideration was £458,000 for net assets with a fair value of £52,000. Further consideration was paid in April 2012 of £27,000 equal to the fair value of the remaining inventory. This resulted in goodwill of £406,000 being recognised.



# Seal Analytical Limited

## Notes to the financial statements for the year ended 30 November 2012 (continued)

### 7 Tangible fixed assets

	Plant, machinery and equipment
	£'000
<b>Cost</b>	
At 1 December 2011	447
Additions	1
<b>At 30 November 2012</b>	<b>448</b>
<b>Accumulated depreciation</b>	
At 1 December 2011	385
Charge for the year	52
<b>At 30 November 2012</b>	<b>437</b>
<b>Net book value</b>	
<b>At 30 November 2012</b>	<b>11</b>
At 30 November 2011	62

### 8 Investments

	Shares in group undertakings
	£'000
Cost at 30 November 2011 and 2012	17

The Company has the following subsidiary undertakings

Subsidiary undertakings	Principal activity	Country of incorporation	Interest in ordinary shares and voting rights
Seal Analytical GmbH	Sale and servicing of water analysis equipment and related consumables	Germany	100%

# Seal Analytical Limited

## Notes to the financial statements for the year ended 30 November 2012 (continued)

### 9 Stocks

	2012	2011
	£'000	£'000
Finished goods	247	437

### 10 Debtors

	2012	2011
	£'000	£'000
<b>Amounts falling due within one year:</b>		
Trade debtors	247	80
Other debtors	23	65
Deferred tax asset (note 12)	69	47
Amounts owed by group undertakings	478	497
	817	689

Amounts owed by group undertakings are unsecured, have no fixed date of repayment and do not carry an interest charge (2011 £nil)

### 11 Creditors: amounts falling due within one year

	2012	2011
	£'000	£'000
Trade creditors	42	38
Amounts owed to group undertakings	-	33
Corporation tax creditor	32	21
Social security and other taxes	8	7
Accruals and deferred income	190	159
	272	258

# Seal Analytical Limited

## Notes to the financial statements for the year ended 30 November 2012 (continued)

### 12 Deferred taxation

	2012 £'000	2011 £'000
Balance at 1 December	47	27
Profit and loss account	22	20
Balance at 30 November	69	47
Accelerated capital allowances	69	47
	69	47

### 13 Called up share capital

	2012 £'000	2011 £'000
<b>Authorised:</b>		
600,000 (2011 600,000) Ordinary shares of £1 each	600	600
	600	600
<b>Allotted and fully paid</b>		
230,115 (2011 230,115) Ordinary shares of £1 each	230	230
	230	230

### 14 Reserves

	Share premium account £'000	Profit and loss account £'000
At 1 December 2011	575	771
Profit for the financial year	-	564
As at 30 November 2012	575	1,335

## Seal Analytical Limited

### Notes to the financial statements for the year ended 30 November 2012 (continued)

#### 15 Reconciliation of movements in shareholders' funds

	2012	2011
	£'000	£'000
Opening shareholders' funds	1,576	1,242
Profit for the financial year	564	334
Closing shareholders' funds	2,140	1,576

#### 16 Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from the Company in an independently administered fund. The pension cost represents contributions payable by the Company to the fund. Contributions payable by the Company to the scheme amounted to £9,000 (2011 £5,000). Amounts outstanding at 30 November 2012 were £1,000 (2011 £1,000).

#### 17 Operating lease commitments

Annual commitments under non-cancellable operating leases are as follows

	2012	2011
	Other	Other
	£'000	£'000
Operating leases which expire		
Within one year	5	4
Within two to five years	6	17
	11	21

#### 18 Contingent liabilities

The Company has entered into an unlimited cross-guarantee arrangement in respect of the bank borrowings of Porvair plc, Porvair Filtration Group Limited, King's Lynn Limited, King's Lynn Ceramics Limited and Porvair Sciences Limited. At 30 November 2012, these borrowings amounted to £11,145,000 (2011 £10,196,000).

## **Seal Analytical Limited**

### **Notes to the financial statements for the year ended 30 November 2012 (continued)**

#### **19 Related party transactions**

The Company has taken advantage of the exemption, under Financial Reporting Standard No 8 (FRS 8), from disclosing related party transactions with entities that are part of the Porvair plc group

#### **20 Parent undertaking**

The Company's ultimate parent undertaking and controlling party is Porvair plc, a company registered in England and Wales, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the Porvair plc financial statements are available to the public and may be obtained from the Company Secretary at 7 Regis Place, Bergen Way, King's Lynn, Norfolk, PE30 2JN