

Registered number: 04744755

**Metflex Precision Mouldings Limited**

**Annual Report  
and Financial Statements**

**For the year ended 31 December 2011**

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# **METFLEX PRECISION MOULDINGS LIMITED**

## **Company Information**

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<b>Directors</b>	Mr P Rogerson Mr J Holland Mr D J McCarthy
<b>Company secretary</b>	Mr P Rogerson
<b>Company number</b>	04744755
<b>Registered office</b>	20 Alan Ramsbottom Way Great Harwood Blackburn Lancashire BB6 7FE
<b>Auditor</b>	CLB Coopers Fleet House New Road Lancaster LA1 1EZ

# **METFLEX PRECISION MOULDINGS LIMITED**

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# **METFLEX PRECISION MOULDINGS LIMITED**

## **Directors' report For the year ended 31 December 2011**

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

### **Directors' responsibilities statement**

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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- 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.

### **Principal activities**

The principal activity of the company during the year was that of the manufacture of rubber products.

### **Business review**

Following the successful relocation of the company's manufacturing facility in late 2010 the year was one of consolidation with emphasis upon future sales development and the maximisation of manufacturing efficiencies. In line with forecasts annual revenues rose from £7,602,589 to £7,709,211 an increase of 1.4%. Whilst the UK market continued to be depressed with sales declining by 9.6% to £2,473,840 the company's export markets delivered another year of growth with annual revenues 7.6% higher at £5,235,371.

During the year world raw material price inflation impacted adversely upon the company, although this was partially offset by improvements in labour utilisation and overhead recovery following investment in manufacturing processes. Further development of the company's strategic overseas partnerships also mitigated these increases. Within a highly competitive market the effect of these cost increases resulted in a decline of 2.4% in manufacturing margin over 2010 although performance in Q4 of 2011 saw some improvement which is expected to continue.

### **Principal risks**

The company continues to monitor the activities of its competitors both in terms of market share and technological development. The continuing stagnation of the UK market continues to restrain domestic growth but the development of the company's export markets has significantly mitigated exposure in this area of the company's business. The company continues to invest in the development of its technologies and applications but management recognises existing and potential threats to its technological competitiveness and has developed strategies to mitigate these.

# METFLEX PRECISION MOULDINGS LIMITED

## Directors' report For the year ended 31 December 2011

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### Future developments

Throughout 2011 the company has concentrated upon improvements to its UK manufacturing processes and continued overseas manufacturing success. A medium to long term sales development strategy, designed to expand the use of the company's technologies in non-traditional markets, has been implemented which will allow the company to grow its share in export markets and position it to exploit the opportunities which will inevitably arise from the anticipated recovery in the UK gas and moulded products market.

### Results

The profit for the year, after taxation, amounted to £656,713 (2010 £135,120)

### Directors

The directors who served during the year were

Mr P Rogerson  
Mr J Holland  
Mr D J McCarthy

### Financial instruments

Details of the company's financial risk management objectives and policies are included in note 26 to the financial statements.

### Provision of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information.

This report was approved by the board on 25 September 2012 and signed on its behalf



Mr P Rogerson  
Director

# **METFLEX PRECISION MOULDINGS LIMITED**

## **Independent auditor's report to the shareholders of Metflex Precision Mouldings Limited**

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We have audited the financial statements of Metflex Precision Mouldings Limited for the year ended 31 December 2011, set out on pages 5 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standard (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders 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 directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, 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.

# METFLEX PRECISION MOULDINGS LIMITED

## Independent auditor's report to the shareholders of Metflex Precision Mouldings Limited

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### 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

*CLB Coopers.*

Philip Whiteway (senior statutory auditor)

for and on behalf of

**CLB Coopers**

Statutory Auditors and Chartered Accountants

Fleet House

New Road

Lancaster

LA1 1EZ

Date *25 September 2012*

# METFLEX PRECISION MOULDINGS LIMITED

## Profit and loss account For the year ended 31 December 2011

	Note	2011 £	2010 £
<b>Turnover</b>	1,2	<b>7,709,211</b>	7,602,589
Cost of sales		<u>(3,981,376)</u>	<u>(3,716,091)</u>
<b>Gross profit</b>		<b>3,727,835</b>	3,886,498
Distribution costs		<u>(355,623)</u>	<u>(364,572)</u>
Administrative expenses		<b>(2,328,921)</b>	(3,255,939)
Exceptional administrative expenses	4	<b>(120,000)</b>	-
Total administrative expenses		<u>(2,448,921)</u>	<u>(3,255,939)</u>
Other operating income	3	<u>-</u>	<u>(12,501)</u>
<b>Operating profit</b>	5	<b>923,291</b>	253,486
Interest receivable and similar income		<b>79</b>	2,268
Interest payable and similar charges	9	<u>(49,417)</u>	<u>(39,308)</u>
<b>Profit on ordinary activities before taxation</b>		<b>873,953</b>	216,446
Tax on profit on ordinary activities	10	<u>(217,240)</u>	<u>(81,326)</u>
<b>Profit for the financial year</b>		<u><b>656,713</b></u>	<u>135,120</u>

All amounts relate to continuing operations

There were no recognised gains and losses for 2011 or 2010 other than those included in the profit and loss account

The notes on pages 7 to 19 form part of these financial statements



**METFLEX PRECISION MOULDINGS LIMITED**

Registered number: 04744755

**Balance sheet**

As at 31 December 2011

	Note	£	2011 £	£	2010 £
<b>Fixed assets</b>					
Tangible assets	11		1,386,870		1,389,465
<b>Current assets</b>					
Stocks	12	1,012,712		653,428	
Debtors amounts falling due after more than one year	13	2,092,984		2,207,607	
Debtors amounts falling due within one year	13	1,476,251		1,500,272	
Cash at bank and in hand		43,411		74,522	
			<u>4,625,358</u>	<u>4,435,829</u>	
<b>Creditors:</b> amounts falling due within one year	14	(1,886,380)		(2,227,148)	
<b>Net current assets</b>			<u>2,738,978</u>		<u>2,208,681</u>
<b>Total assets less current liabilities</b>			<u>4,125,848</u>		<u>3,598,146</u>
<b>Creditors:</b> amounts falling due after more than one year	15		(474,026)		(630,471)
<b>Provisions for liabilities</b>					
Deferred tax	16		(101,958)		(79,225)
<b>Net assets</b>			<u><u>3,549,864</u></u>		<u><u>2,888,450</u></u>
<b>Capital and reserves</b>					
Called up share capital	17		200,000		200,000
Other reserves	19		13,711		9,010
Profit and loss account	19		3,336,153		2,679,440
<b>Shareholders' funds</b>	20		<u><u>3,549,864</u></u>		<u><u>2,888,450</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

25 SEPTEMBER 2012


**Mr P Rogerson**

Director

The notes on pages 7 to 19 form part of these financial statements

# METFLEX PRECISION MOULDINGS LIMITED

## Notes to the financial statements For the year ended 31 December 2011

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### 1. Accounting policies

#### 1.1 Basis of preparation of financial statements

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

#### 1.2 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1

#### 1.3 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts

#### 1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Leasehold property improvements-	6 67% straight line
Plant and machinery	- 6 67% - 50% straight line
Motor vehicles	- 20% straight line
Furniture, fittings and equipment	- 10% - 50% straight line

#### 1.5 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

#### 1.6 Operating leases

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

#### 1.7 Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

# **METFLEX PRECISION MOULDINGS LIMITED**

## **Notes to the financial statements For the year ended 31 December 2011**

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### **1. Accounting policies (continued)**

#### **1.8 Deferred taxation**

Full provision is made for deferred tax assets and liabilities arising from all timing differences between transactions in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted

#### **1.9 Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the profit and loss account

#### **1.10 Pensions**

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year

#### **1.11 Financial instruments**

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities

#### **1.12 Share based payment**

The difference between consideration receivable from employees for share and share option awards granted under the Group's employee share schemes and the fair market value of the underlying ordinary shares at the date of grant is charged to the profit and loss account as a share based payment expense evenly over the period during which the award vests

# METFLEX PRECISION MOULDINGS LIMITED

## Notes to the financial statements For the year ended 31 December 2011

### 2. Turnover

The whole of the turnover is attributable to the one principal activity of the company

A geographical analysis of turnover is as follows

	2011 £	2010 £
United Kingdom	2,473,840	2,736,327
Europe	1,485,377	1,391,686
North America	2,263,642	2,577,030
Rest of world	1,486,352	897,546
	<u>7,709,211</u>	<u>7,602,589</u>

### 3. Other operating income

	2011 £	2010 £
Net rents receivable	-	(12,501)
	<u>-</u>	<u>(12,501)</u>

### 4. Exceptional administrative expenses

	2011 £	2010 £
Claim from liquidator of related party	120,000	-
	<u>120,000</u>	<u>-</u>

Further information is given in Note 27 to the financial statements

### 5. Operating profit

The operating profit is stated after charging

	2011 £	2010 £
Depreciation of tangible fixed assets		
- owned by the company	178,851	127,960
- held under finance leases	7,813	1,302
Net loss on foreign exchange	46,708	18,545
Share based payments	4,701	4,701
	<u>237,673</u>	<u>152,508</u>

# METFLEX PRECISION MOULDINGS LIMITED

## Notes to the financial statements For the year ended 31 December 2011

### 6. Auditors' remuneration

	2011 £	2010 £
Fees payable to the company's auditor for the audit of the company's annual accounts	13,475	11,275
Fees payable to the company's auditor in respect of Other services relating to taxation	4,375	1,375
	<u>17,850</u>	<u>12,650</u>

### 7. Staff costs

Staff costs, including directors' remuneration, were as follows

	2011 £	2010 £
Wages and salaries	2,215,477	3,165,892
Social security costs	170,386	171,293
Other pension costs	102,883	84,242
	<u>2,488,746</u>	<u>3,421,427</u>

The average monthly number of employees, including the directors, during the year was as follows

	2011 No	2010 No
Production	49	48
Administrative	26	23
Directors	3	3
	<u>78</u>	<u>74</u>

### 8. Directors' remuneration

	2011 £	2010 £
Emoluments	233,401	1,020,603
Company pension contributions to defined contribution pension schemes	16,317	31,021

During the year retirement benefits were accruing to 2 directors (2010 1) in respect of defined contribution pension schemes

The highest paid director received remuneration of £102,886 (2010 £633,062)

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £2,876 (2010 £NIL)

## METFLEX PRECISION MOULDINGS LIMITED

Notes to the financial statements  
For the year ended 31 December 2011

### 9. Interest payable and similar charges

	2011 £	2010 £
On bank loans and overdrafts	28,659	19,486
On finance leases and hire purchase contracts	1,902	158
On invoice discounting	18,856	19,664
	<u>49,417</u>	<u>39,308</u>

### 10. Taxation

	2011 £	2010 £
<b>Analysis of tax charge in the year</b>		
<b>Current tax</b> (see note below)		
UK corporation tax charge on profit for the year	230,749	18,860
Adjustments in respect of prior periods	(36,242)	86
<b>Total current tax</b>	<u>194,507</u>	<u>18,946</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	26,580	67,982
Short term timing differences	(3,847)	(5,602)
<b>Total deferred tax</b> (see note 16)	<u>22,733</u>	<u>62,380</u>
<b>Tax on profit on ordinary activities</b>	<u>217,240</u>	<u>81,326</u>

## METFLEX PRECISION MOULDINGS LIMITED

### Notes to the financial statements For the year ended 31 December 2011

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#### 10. Taxation (continued)

##### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2010 lower than) the standard rate of corporation tax in the UK of 26% (2010 21%). The differences are explained below

	2011 £	2010 £
Profit on ordinary activities before tax	<u>873,953</u>	<u>216,446</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26% (2010 21%)	<b>227,228</b>	<b>45,454</b>
<b>Effects of:</b>		
Expenses not deductible for tax purposes	33,763	961
Capital allowances for year in excess of depreciation	(20,284)	(32,862)
Adjustments to tax charge in respect of prior periods	(36,242)	86
Research and development tax credit	(19,022)	-
Movement in provisions	4,768	5,307
Differences in tax rates	4,296	-
<b>Current tax charge for the year (see note above)</b>	<u><b>194,507</b></u>	<u><b>18,946</b></u>

# METFLEX PRECISION MOULDINGS LIMITED

## Notes to the financial statements For the year ended 31 December 2011

### 11 Tangible fixed assets

	Leasehold property improvements £	Plant and machinery £	Motor vehicles £	Furniture, fittings and equipment £	Total £
<b>Cost</b>					
At 1 January 2011	527,749	1,425,875	10,139	166,355	2,130,118
Additions	21,982	134,049	-	28,038	184,069
At 31 December 2011	549,731	1,559,924	10,139	194,393	2,314,187
<b>Depreciation</b>					
At 1 January 2011	8,315	652,960	2,226	77,152	740,653
Charge for the year	36,070	115,922	2,028	32,644	186,664
At 31 December 2011	44,385	768,882	4,254	109,796	927,317
<b>Net book value</b>					
At 31 December 2011	505,346	791,042	5,885	84,597	1,386,870
At 31 December 2010	519,434	772,915	7,913	89,203	1,389,465

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows

	2011 £	2010 £
Plant and machinery	69,010	76,823

### 12. Stocks

	2011 £	2010 £
Raw materials	253,101	169,089
Work in progress	223,933	181,232
Finished goods	535,678	303,107
	1,012,712	653,428



# METFLEX PRECISION MOULDINGS LIMITED

## Notes to the financial statements For the year ended 31 December 2011

### 13. Debtors

	2011 £	2010 £
<b>Due after more than one year</b>		
Amounts owed by group undertakings	2,092,984	2,192,817
Other debtors	-	14,790
	<u>2,092,984</u>	<u>2,207,607</u>
<b>Due within one year</b>		
Trade debtors	1,368,087	1,424,953
Other debtors	33,237	11,034
Prepayments and accrued income	74,927	64,285
	<u>1,476,251</u>	<u>1,500,272</u>

Trade debtors amounting to £1,140,184 (2010 £1,398,488) have been invoice discounted through a facility with Yorkshire Bank plc

### 14. Creditors: Amounts falling due within one year

	2011 £	2010 £
Bank loans and overdrafts	131,597	115,535
Other loans	4,140	4,140
Net obligations under finance leases and hire purchase contracts	20,708	20,708
Trade creditors	703,413	822,634
Corporation tax	205,523	18,410
Other taxes and social security	46,472	46,433
Other creditors	360,646	454,116
Accruals and deferred income	413,881	745,172
	<u>1,886,380</u>	<u>2,227,148</u>

Other creditors includes £350,055 (2010 £424,134) owed to Yorkshire Bank plc with whom invoices are discounted. This creditor is secured on the trade debtors of the company.

Bank loans are secured by a debenture creating a fixed and floating charge over the assets of the company including a fixed charge on book debts, a legal mortgage on the lease on New Unit, Union Court, Alan Ramsbottom Way, Great Harwood, Blackburn, and an intercompany cross guarantee between Metflex Precision Mouldings Limited and Metflex Holding Company Limited supported by debentures.

# METFLEX PRECISION MOULDINGS LIMITED

## Notes to the financial statements For the year ended 31 December 2011

### 15. Creditors: Amounts falling due after more than one year

	2011 £	2010 £
Bank loans	447,868	579,465
Other loans	6,900	11,040
Net obligations under finance leases and hire purchase contracts	19,258	39,966
	<u>474,026</u>	<u>630,471</u>

Creditors include amounts not wholly repayable within 5 years as follows

	2011 £	2010 £
Repayable by instalments	-	12,985
	<u>-</u>	<u>12,985</u>

Bank loans repayable by instalments in more than 5 years bear interest at a rate of 4.75%

Obligations under finance leases and hire purchase contracts, included above, are payable as follows

	2011 £	2010 £
Between one and five years	19,258	39,966
	<u>19,258</u>	<u>39,966</u>

### 16 Deferred taxation

	2011 £	2010 £
At beginning of year	79,225	16,845
Charge for year	22,733	62,380
At end of year	<u>101,958</u>	<u>79,225</u>

The provision for deferred taxation is made up as follows

	2011 £	2010 £
Accelerated capital allowances	124,974	98,394
Short term timing differences	(23,016)	(19,169)
	<u>101,958</u>	<u>79,225</u>

# METFLEX PRECISION MOULDINGS LIMITED

## Notes to the financial statements For the year ended 31 December 2011

### 17. Share capital

	2011 £	2010 £
<b>Allotted, called up and fully paid</b>		
200,000 Ordinary shares of £1 each	<u>200,000</u>	<u>200,000</u>

### 18. Employee share schemes

The parent company has granted share options under the Enterprise Management Incentive Scheme ("EMI") Options to acquire Ordinary shares under the EMI may be granted up to a maximum of £120,000 (based on the market value of the shares placed under option at the date of grant) The determination of the number of options granted to employees is at the discretion of the directors

No consideration is payable for the grant of an option and options are not transferable or assignable Cash consideration is paid to the Company by the employee at the point that the share options are exercised The price paid for share options by employees is determined at the time of the grant and is normally equal to the valuation of the share price on the date that the option is granted

An option is normally exercisable after the third anniversary of the date of grant All options normally lapse if the option holder ceases to be employed by the Group, though at the discretion of the Company and depending upon the circumstances in which the employment has ended, some individuals may be permitted to retain options after they leave employment for 6 months, or an alternative timescale if agreed by the directors

On 29 January 2009 the parent company granted options over 5,342 Ordinary C shares of £1 each to Mr D J McCarthy, a director The exercise price is £1.98 and the exercise period is 29 January 2012 to 28 January 2019

### 19. Reserves

	Other reserves £	Profit and loss account £
At 1 January 2011	9,010	2,679,440
Profit for the year	-	656,713
Share based payment charge	4,701	-
At 31 December 2011	<u>13,711</u>	<u>3,336,153</u>

# METFLEX PRECISION MOULDINGS LIMITED

## Notes to the financial statements For the year ended 31 December 2011

### 20. Reconciliation of movement in shareholders' funds

	2011 £	2010 £
Opening shareholders' funds	2,888,450	2,758,629
Profit for the year	656,713	135,120
Dividends (Note 21)	-	(10,000)
Other reserves	4,701	4,701
Closing shareholders' funds	<u>3,549,864</u>	<u>2,888,450</u>

### 21. Dividends

	2011 £	2010 £
Dividends paid on equity capital	<u>-</u>	<u>10,000</u>

### 22. Contingent liabilities

The company has treated payments to a human resources company as allowable expenses for corporation tax purposes. If the company were denied these deductions by HM Revenue and Customs this would result in an additional corporation tax liability of £752,314 (2010 £704,314)

The company has entered into an agreement with an employee to make additional pension contributions of £24,000 in each of 2012 and 2013 contingent on the results of the company for 2012 and 2013

### 23. Capital commitments

At 31 December 2011 the company had capital commitments as follows

	2011 £	2010 £
Contracted for but not provided in these financial statements	<u>37,140</u>	<u>6,699</u>

### 24. Pension commitments

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company in independent trustee administered funds. The pension cost charge for the year amounted to £102,883 (2010 £84,242). At the balance sheet date the company owed £39,037 (2010 £38,486) to the pension scheme.

# METFLEX PRECISION MOULDINGS LIMITED

## Notes to the financial statements For the year ended 31 December 2011

### 25. Operating lease commitments

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

	Land and buildings			
	2011	2010	2011	Other
	£	£	£	2010
				£
<b>Expiry date:</b>				
Within 1 year	-	-	<b>3,710</b>	5,100
Between 2 and 5 years	-	-	-	3,710
After more than 5 years	<b>158,861</b>	158,861	-	-

### 26. Financial risk management objectives and policies

The company holds or issues financial instruments in order to achieve three main objectives, being

- (a) to finance its operations,
- (b) to manage its exposure to interest and currency risks arising from its operations and from its sources of finance, and
- (c) for trading purposes

In addition, the company has various other financial assets and liabilities such as trade debtors and trade creditors arising directly from the company's operations

Transactions in financial instruments result in the company assuming or transferring to another party one or more of the financial risks described below

#### Interest rate risk

The company is exposed to fair value interest rate risk on its borrowings and cash flow interest rate risk on bank overdrafts and loans. The company has entered into both fixed and variable interest rate agreements on its loans so as to minimise its exposure to changes in interest rates

#### Credit risk

Investments of cash surpluses and borrowings are made through banks and companies which must fulfil credit rating criteria approved by the board. All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are reviewed on a regular basis and provision is made for doubtful debts whenever considered necessary

#### Liquidity risk

The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business

#### Currency risk

The company's principal foreign currency exposures arise from trading with overseas companies. The company seeks to invoice and be invoiced in its principal trading currency wherever possible so as to minimise its exposure to foreign currency movements

## **METFLEX PRECISION MOULDINGS LIMITED**

### **Notes to the financial statements For the year ended 31 December 2011**

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#### **27. Related party transactions**

During the year the company made purchases of £Nil (2010 £22,991) from Phil Rogerson Limited, a company in which Mr P Rogerson is a director and a shareholder. In addition the company paid management charges of £Nil (2010 £25,412) to Phil Rogerson Limited. At the balance sheet date the company owed £Nil (2010 £27,107) to Phil Rogerson Limited.

Since the year end the company has received a claim from the liquidator of Phil Rogerson Limited to recover monies initially loaned by Metflex Precision Mouldings Limited to Phil Rogerson Limited prior to 31 December 2010 and repaid by that company. This has been quantified by the directors at £120,000.

During the year the company made sales of £Nil (2010 £125) to Rogerson Homeserve+ Limited, a company in which Mr P Rogerson is a director and shareholder. In addition the company made purchases of £53,769 (2010 £37,477) from Rogerson Homeserve+ Limited. At the balance sheet date the company was owed £Nil (2010 £147) from Rogerson Homeserve+ Limited.

During the year the company made capital purchases of £Nil (2010 £94,564) from Rogerson and Holland Industrial Properties LLP, a limited liability partnership in which Mr P Rogerson and Mr J Holland are designated members and which is controlled by Mr P Rogerson. At the balance sheet date the company owed £Nil (2010 £94,564) to Rogerson & Holland Industrial Properties LLP.

During the year the company paid dividends amounting to £Nil (2010 £10,000) to Metflex Holding Company Limited, its parent company. In addition the company continued to loan funds interest free to Metflex Holding Company Limited. At the balance sheet date the company was owed £2,092,984 (2010 £2,192,817) from Metflex Holding Company Limited.

#### **28. Ultimate parent undertaking and controlling party**

The immediate and ultimate parent undertaking is Metflex Holding Company Limited, a company registered in England and Wales.

The ultimate controlling party is Mr P Rogerson by virtue of his majority shareholding in the ultimate parent undertaking.