

Registered number 04744755

Metflex Precision Mouldings Limited

Financial statements

For the year ended 31 December 2012



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METFLEX PRECISION MOULDINGS LIMITED

Company Information

Directors	Mr P Rogerson Mr J Holland Mr D J McCarthy
Company secretary	Mr P Rogerson
Registered number	04744755
Registered office	20 Alan Ramsbottom Way Great Harwood Blackburn Lancashire BB6 7FE
Independent auditor	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 2012

The directors present their report and the financial statements for the year ended 31 December 2012

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 accounting 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

The development strategies adopted in 2011, which focused upon the key areas of sales growth and manufacturing efficiencies, had a significant impact upon the results for the year ended 31 December 2012. Exceeding forecasts, annual sales revenues increased from £7,709,211 to £8,677,121, a rise of 12.5%. Sales growth within the company's UK market exhibited some degree of recovery following a number of years of stagnation with sales revenues of £2,834,433, representing 32.7% of total sales, increasing by 14.5% over the prior year. Within export markets, solid growth was achieved with annual revenues of £5,842,688, 11.6% higher than in 2011.

Some easing of pressure in raw material price inflation within world markets helped to raise manufacturing margin. This, together with improvements in labour utilisation, manufacturing overhead recovery and further development of the company's strategic overseas partnerships, lifted manufacturing margin by 1.5% over that of the previous year in line with forecasts.

Principal risks

The company continues to monitor the activities of its competitors in terms of shifts in market share and technological innovation. Whilst remaining focused upon its traditional markets, the company recognises the need to expand its product portfolio and application of its technologies into new markets in order to mitigate exposure to increased competition. The company continues to invest in the development of its technologies and has developed strategies to mitigate the impact of existing and potential threats to its business.

METFLEX PRECISION MOULDINGS LIMITED

Directors' report For the year ended 31 December 2012

Future developments

The company has, throughout 2012, concentrated upon improving its UK manufacturing processes and invested in quality management systems both within the UK and in its overseas manufacturing partners. The medium to long term sales strategy designed to gain market share within existing and non-traditional markets has been refined and refocused and this, together with investment in additional manufacturing capacity within the UK, will, in the opinion of the company's directors, place the business in clear position to exploit opportunities which will arise from world market recovery.

Results

The profit for the year, after taxation, amounted to £1,159,452 (2011 £656,713)

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 23 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 31-07-13 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

We have audited the financial statements of Metflex Precision Mouldings Limited for the year ended 31 December 2012, set out on pages 5 to 18. 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 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 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 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.

METFLEX PRECISION MOULDINGS LIMITED

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

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 *31 July 2013*

METFLEX PRECISION MOULDINGS LIMITED

Profit and loss account For the year ended 31 December 2012

	Note	2012 £	2011 £
Turnover	1,2	8,677,121	7,709,211
Cost of sales		(4,350,254)	(3,981,376)
Gross profit		4,326,867	3,727,835
Distribution costs		(286,946)	(355,623)
Administrative expenses		(2,669,732)	(2,328,921)
Exceptional administrative expenses		120,000	(120,000)
Total administrative expenses		(2,549,732)	(2,448,921)
Operating profit	4	1,490,189	923,291
Interest receivable and similar income		262	79
Interest payable and similar charges	7	(33,267)	(49,417)
Profit on ordinary activities before taxation		1,457,184	873,953
Tax on profit on ordinary activities	8	(297,732)	(217,240)
Profit for the financial year	17	1,159,452	656,713

All amounts relate to continuing operations

There were no recognised gains and losses for 2012 or 2011 other than those included in the profit and loss account

The notes on pages 7 to 18 form part of these financial statements

METFLEX PRECISION MOULDINGS LIMITED

Registered number: 04744755

Balance sheet

As at 31 December 2012

	Note	£	2012 £	£	2011 £
Fixed assets					
Intangible assets			-		-
Tangible assets	9		1,367,693		1,386,870
			1,367,693		1,386,870
Current assets					
Stocks	10	818,552		1,012,712	
Debtors amounts falling due after more than one year	11	2,322,087		2,092,984	
Debtors amounts falling due within one year	11	1,514,015		1,476,251	
Cash at bank and in hand		448,809		43,411	
			5,103,463	4,625,358	
Creditors , amounts falling due within one year	12	(1,350,090)		(1,886,380)	
Net current assets			3,753,373		2,738,978
Total assets less current liabilities			5,121,066		4,125,848
Creditors : amounts falling due after more than one year	13		(313,795)		(474,026)
Provisions for liabilities					
Deferred tax	14		(97,563)		(101,958)
Net assets			4,709,708		3,549,864
Capital and reserves					
Called up share capital	15		200,000		200,000
Other reserves	17		14,103		13,711
Profit and loss account	17		4,495,605		3,336,153
Shareholders' funds	18		4,709,708		3,549,864

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
31 July 2013



Mr P Rogerson
Director

The notes on pages 7 to 18 form part of these financial statements

METFLEX PRECISION MOULDINGS LIMITED

Notes to the financial statements For the year ended 31 December 2012

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 Intangible fixed assets and amortisation

Acquired goodwill is stated at cost less amortisation. Amortisation is provided at rates calculated to write off the cost of fixed assets, less its estimated residual value, over its expected useful economic life of 5 years. It is amortised to the profit and loss account.

1.5 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% - 50% straight line
Furniture, fittings and equipment	- 10% - 33% straight line

1.6 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.

1.7 Operating leases

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

METFLEX PRECISION MOULDINGS LIMITED

Notes to the financial statements For the year ended 31 December 2012

1. Accounting policies (continued)

1.8 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.

1.9 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.

1.10 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.

1.11 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.

1.12 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.

1.13 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 2012

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

	2012 £	2011 £
United Kingdom	2,834,433	2,473,840
Europe	1,304,934	1,485,377
North America	2,849,383	2,263,642
Rest of world	1,688,371	1,486,352
	<u>8,677,121</u>	<u>7,709,211</u>

3. Exceptional administrative expenses

	2012 £	2011 £
Claim from liquidator of related party	<u>(120,000)</u>	<u>120,000</u>

Further information is given in note 24 to the financial statements

4. Operating profit

The operating profit is stated after charging/(crediting)

	2012 £	2011 £
Depreciation of tangible fixed assets		
- owned by the company	180,457	178,851
- held under finance leases	31,060	7,813
Auditor's remuneration	11,750	13,475
Operating lease rentals		
- other operating leases	160,388	162,571
Net loss on foreign exchange	47,167	46,708
Share based payments	392	4,701
	<u></u>	<u></u>

METFLEX PRECISION MOULDINGS LIMITED

Notes to the financial statements For the year ended 31 December 2012

5. Staff costs

Staff costs, including directors' remuneration, were as follows

	2012 £	2011 £
Wages and salaries	2,397,499	2,215,477
Social security costs	186,290	170,386
Other pension costs	109,687	102,883
	<u>2,693,476</u>	<u>2,488,746</u>

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

	2012 No	2011 No
Production	48	49
Administrative	29	26
Directors	3	3
	<u>80</u>	<u>78</u>

6 Directors' remuneration

	2012 £	2011 £
Emoluments	<u>273,785</u>	<u>233,401</u>
Company pension contributions to defined contribution pension schemes	<u>23,628</u>	<u>16,317</u>

During the year retirement benefits were accruing to 2 directors (2011 2) in respect of defined contribution pension schemes

The highest paid director received remuneration of £117,621 (2011 £102,886)

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £3,628 (2011 £2,876)

METFLEX PRECISION MOULDINGS LIMITED

Notes to the financial statements For the year ended 31 December 2012

7. Interest payable and similar charges

	2012 £	2011 £
On bank loans and overdrafts	24,814	28,659
On finance leases and hire purchase contracts	2,993	1,902
On invoice discounting	5,460	18,856
	<u>33,267</u>	<u>49,417</u>

8 Taxation

	2012 £	2011 £
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	303,147	230,749
Adjustments in respect of prior periods	(1,020)	(36,242)
Total current tax	<u>302,127</u>	<u>194,507</u>
Deferred tax		
Origination and reversal of timing differences	(9,967)	26,580
Short term timing differences	5,572	(3,847)
Total deferred tax (see note 14)	<u>(4,395)</u>	<u>22,733</u>
Tax on profit on ordinary activities	<u>297,732</u>	<u>217,240</u>

METFLEX PRECISION MOULDINGS LIMITED

Notes to the financial statements For the year ended 31 December 2012

8. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2011 lower than) the standard rate of corporation tax in the UK of 24.5% (2011 26%). The differences are explained below

	2012 £	2011 £
Profit on ordinary activities before tax	<u>1,457,184</u>	<u>873,953</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24.5% (2011 26%)	357,010	227,228
Effects of:		
Expenses not deductible for tax purposes	(28,026)	33,763
Capital allowances for year in excess of depreciation	9,359	(20,284)
Adjustments to tax charge in respect of prior periods	(1,020)	(36,242)
Research and development tax credit	(31,187)	(19,022)
Movement in provisions	(3,975)	4,768
Differences in tax rates	(34)	4,296
Current tax charge for the year (see note above)	<u>302,127</u>	<u>194,507</u>

9. Tangible fixed assets

	Leasehold property improvements £	Plant and machinery £	Motor vehicles £	Furniture, fittings and equipment £	Total £
Cost					
At 1 January 2012	549,731	1,559,924	10,139	194,393	2,314,187
Additions	2,567	128,141	37,195	25,898	193,801
Disposals	-	-	-	(1,546)	(1,546)
At 31 December 2012	<u>552,298</u>	<u>1,688,065</u>	<u>47,334</u>	<u>218,745</u>	<u>2,506,442</u>
Depreciation					
At 1 January 2012	44,385	768,882	4,254	109,796	927,317
Charge for the year	36,871	113,596	25,275	35,775	211,517
On disposals	-	-	-	(85)	(85)
At 31 December 2012	<u>81,256</u>	<u>882,478</u>	<u>29,529</u>	<u>145,486</u>	<u>1,138,749</u>
Net book value					
At 31 December 2012	<u>471,042</u>	<u>805,587</u>	<u>17,805</u>	<u>73,259</u>	<u>1,367,693</u>
At 31 December 2011	<u>505,346</u>	<u>791,042</u>	<u>5,885</u>	<u>84,597</u>	<u>1,386,870</u>

METFLEX PRECISION MOULDINGS LIMITED

Notes to the financial statements For the year ended 31 December 2012

9. Tangible fixed assets (continued)

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

	2012 £	2011 £
Plant and machinery	61,198	69,010
Motor vehicles	13,948	-
	<u>75,146</u>	<u>69,010</u>

10. Stocks

	2012 £	2011 £
Raw materials	131,559	253,101
Work in progress	192,464	223,933
Finished goods	494,529	535,678
	<u>818,552</u>	<u>1,012,712</u>

11. Debtors

	2012 £	2011 £
Due after more than one year		
Amounts owed by group undertakings	<u>2,322,087</u>	<u>2,092,984</u>
Due within one year		
Trade debtors	1,246,731	1,368,087
VAT repayable	141,166	2,458
Other debtors	49,831	30,779
Prepayments and accrued income	76,287	74,927
	<u>1,514,015</u>	<u>1,476,251</u>

Trade debtors amounting to £1,214,246 (2011 £1,140,184) have been invoice discounted through a facility with Yorkshire Bank plc

METFLEX PRECISION MOULDINGS LIMITED

Notes to the financial statements For the year ended 31 December 2012

12. Creditors: Amounts falling due within one year

	2012 £	2011 £
Bank loans and overdrafts	138,146	131,597
Other loans	4,140	4,140
Net obligations under finance leases and hire purchase contracts	35,007	20,708
Trade creditors	664,985	703,413
Corporation tax	134,841	205,523
Other taxes and social security	52,725	46,472
Other creditors	10,517	360,646
Accruals and deferred income	309,729	413,881
	<u>1,350,090</u>	<u>1,886,380</u>

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

Hire purchase contracts are secured over the assets to which they relate

Other creditors includes £Nil (2011 £350,055) owed to Yorkshire Bank plc with whom invoices are discounted. This creditor is secured on the trade debtors of the company

13. Creditors: Amounts falling due after more than one year

	2012 £	2011 £
Bank loans	309,722	447,868
Other loans	2,760	6,900
Net obligations under finance leases and hire purchase contracts	1,313	19,258
	<u>313,795</u>	<u>474,026</u>

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

	2012 £	2011 £
Between one and five years	<u>1,313</u>	<u>19,258</u>

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

Hire purchase contracts are secured over the assets to which they relate

METFLEX PRECISION MOULDINGS LIMITED

Notes to the financial statements For the year ended 31 December 2012

14. Deferred taxation

	2012 £	2011 £
At beginning of year	101,958	79,225
(Released during)/charge for year	(4,395)	22,733
At end of year	<u>97,563</u>	<u>101,958</u>

The provision for deferred taxation is made up as follows

	2012 £	2011 £
Accelerated capital allowances	115,007	124,974
Short term timing differences	(17,444)	(23,016)
	<u>97,563</u>	<u>101,958</u>

15. Share capital

	2012 £	2011 £
Allotted, called up and fully paid		
200,000 Ordinary shares of £1 each	<u>200,000</u>	<u>200,000</u>

16. 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.

METFLEX PRECISION MOULDINGS LIMITED

Notes to the financial statements For the year ended 31 December 2012

17. Reserves

	Other reserves £	Profit and loss account £
At 1 January 2012	13,711	3,336,153
Profit for the year	-	1,159,452
Share based payment charge	392	-
	<u>14,103</u>	<u>4,495,605</u>
At 31 December 2012		

18 Reconciliation of movement in shareholders' funds

	2012 £	2011 £
Opening shareholders' funds	3,549,864	2,888,450
Profit for the year	1,159,452	656,713
Other reserves	392	4,701
	<u>4,709,708</u>	<u>3,549,864</u>
Closing shareholders' funds		

19. 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 £704,314 (2011 £704,314)

The company has entered into an agreement with an employee to make additional pension contributions of £24,000 per annum contingent on the results of the company to 31 December 2013. At the year end the contingent liability amounted to £24,000 (2011 £48,000)

20. Capital commitments

At 31 December 2012 the company had capital commitments as follows

	2012 £	2011 £
Contracted for but not provided in these financial statements	<u>29,500</u>	<u>37,140</u>

21. 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 £85,686 (2011 £102,883). At the balance sheet date the company owed £54,516 (2011 £63,037) to the pension scheme.

METFLEX PRECISION MOULDINGS LIMITED

Notes to the financial statements For the year ended 31 December 2012

22 Operating lease commitments

At 31 December 2012 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings			Other
	2012	2011	2012	2011
	£	£	£	£
Expiry date:				
Within 1 year	-	-	-	3,710
Between 2 and 5 years	-	-	1,527	-
After more than 5 years	158,861	158,861	-	-

23. 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 2012

24. Related party transactions

During the year the company continued to loan funds interest free to Metflex Holding Company Limited, its parent company. At the balance sheet date the company was owed £2,322,087 (2011 £2,092,984) from Metflex Holding Company Limited.

During the year the company made purchases of £2,434 (2011 £53,769) from Rogerson Homeserve+ Limited, a company in which Mr P Rogerson is a director and shareholder. At the balance sheet date the company owed £2,920 (2011 £Nil) to Rogerson Homeserve+ Limited.

During the year the company recognised a credit of £120,000 in exceptional administrative expenses (2011 an expense of £120,000) in relation to a claim from the liquidator of Phil Rogerson Limited, a company in which Mr P Rogerson was a director and shareholder. The claim was against the company to recover monies loaned by Metflex Precision Mouldings Limited to Phil Rogerson Limited prior to 31 December 2010 and subsequently repaid by that company and was quantified by the directors at £120,000. In the current year it has been determined that the monies are not payable by the company hence the reversal of the prior year expense.

25. 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.