

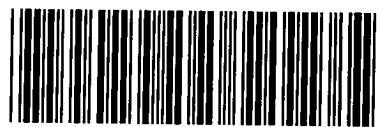
Registered number: 04744755

## **Metflex Precision Mouldings Limited**

### **Annual Report and Financial Statements**

**For the financial year ended  
30 December 2014  
in respect of the accounting  
period ended 31 December 2014**

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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>Registered number</b>	04744755
<b>Registered office</b>	20 Alan Ramsbottom Way Great Harwood Blackburn Lancashire BB6 7FE
<b>Independent auditor</b>	CLB Coopers Fleet House New Road Lancaster LA1 1EZ

# **METFLEX PRECISION MOULDINGS LIMITED**

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# METFLEX PRECISION MOULDINGS LIMITED

## Strategic report

For the period ended 30 December 2014

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The company's continuing investment strategy with the objective of generating significant revenue growth and related profitability has resulted in sales revenues in the year increasing by 19.6% over 2013. The company achieved growth in both its domestic and export markets with UK revenues increasing by 35.9%, representing 32% of total revenues up from 28.2% of revenues in 2013. Export markets continued to show solid growth with revenues increasing by 13.2% over 2013. In the opinion of the directors the increase in sales revenues from £8,436,124 to £10,091,772 is a creditable performance rewarding sustained investment in both manufacturing and human resources.

The company has continued to develop its relationships with its strategically key overseas manufacturing partners and has seen revenues generated from these hold broadly in line with those of 2013 at 39% of total revenues. This continuing strategy has allowed the company to expand its presence in global markets and mitigate the pressure upon manufacturing margin in an increasingly competitive environment.

The company has continued to reinforce its strategic expansion plans with resource being concentrated on not only consolidating its position in and developing its traditional market sectors but working to identify and exploit new market sectors. The effect of this is clearly seen in the context of the current years' sales performance and profitability which has resulted in the profit on ordinary activities before tax increasing by 1.36% as a percentage of sales to 15.46%.

The directors have throughout 2014 continued to monitor the company's performance against its competition and industry standards and hold the view that this performance compares well in relation to market sector growth and return on capital employed. The company has made significant progress in implementing its investment and growth strategies during the year and is committed to a continuation of this which the directors are confident will allow sustainable revenue growth and increasing levels of profitability in 2015 and beyond.

This report was approved by the board and signed on its behalf.



**Mr P Rogerson**  
Director

Date: 12 May 2015

# **METFLEX PRECISION MOULDINGS LIMITED**

## **Directors' report For the period ended 30 December 2014**

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The directors present their report and the financial statements for the period ended 30 December 2014.

### **Directors' responsibilities statement**

The directors are responsible for preparing the strategic report, 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.

### **Results**

The profit for the period, after taxation, amounted to £1,279,372 (2013: £966,009).

### **Directors**

The directors who served during the period were:

Mr P Rogerson  
Mr J Holland  
Mr D J McCarthy

# **METFLEX PRECISION MOULDINGS LIMITED**

## **Directors' report For the period ended 30 December 2014**

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### **Financial instruments**

Details of the company's financial risk management objectives and policies are included in note 22 to the financial statements.

### **Disclosure 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 relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board and signed on its behalf.



**Mr P Rogerson**  
Director

Date: 12 May 2015

# **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 period ended 30 December 2014, set out on pages 6 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the strategic report and the directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 December 2014 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the strategic report and the directors' report for the financial period 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.

 Philip Whiteway

Philip Whiteway (senior statutory auditor)

for and on behalf of

**CLB Coopers**

Statutory Auditors and Chartered Accountants

Fleet House  
New Road  
Lancaster  
LA1 1EZ

12 May 2015



# METFLEX PRECISION MOULDINGS LIMITED

## Profit and loss account For the period ended 30 December 2014

	Note	2014 £	2013 £
<b>Turnover</b>	1,2	<b>10,091,772</b>	8,436,124
Cost of sales		<b>(4,958,858)</b>	(4,012,351)
<b>Gross profit</b>		<b>5,132,914</b>	4,423,773
Distribution costs		<b>(368,939)</b>	(308,051)
Administrative expenses		<b>(3,190,646)</b>	(2,903,654)
<b>Operating profit</b>	3	<b>1,573,329</b>	1,212,068
Interest receivable and similar income		-	8
Interest payable and similar charges	6	<b>(13,070)</b>	(22,109)
<b>Profit on ordinary activities before taxation</b>		<b>1,560,259</b>	1,189,967
Tax on profit on ordinary activities	7	<b>(280,887)</b>	(223,958)
<b>Profit for the financial period</b>	16	<b>1,279,372</b>	966,009

All amounts relate to continuing operations.

There were no recognised gains and losses for 2014 or 2013 other than those included in the profit and loss account.

The notes on pages 8 to 19 form part of these financial statements.

**METFLEX PRECISION MOULDINGS LIMITED**

Registered number: 04744755

**Balance sheet**

As at 30 December 2014

	Note	30 December 2014 £	31 December 2013 £
<b>Fixed assets</b>			
Tangible assets	8	811,215	1,344,226
<b>Current assets</b>			
Stocks	9	1,011,310	994,090
Debtors: amounts falling due after more than one year	10	1,929,107	3,091,518
Debtors: amounts falling due within one year	10	3,386,891	1,706,590
Cash at bank and in hand		583,833	776,077
		<u>6,911,141</u>	<u>6,568,275</u>
<b>Creditors: amounts falling due within one year</b>	11	<u>(1,889,009)</u>	<u>(1,971,448)</u>
<b>Net current assets</b>		<u>5,022,132</u>	<u>4,596,827</u>
<b>Total assets less current liabilities</b>		<u>5,833,347</u>	<u>5,941,053</u>
<b>Creditors: amounts falling due after more than one year</b>	12	(12,985)	(173,722)
<b>Provisions for liabilities</b>			
Deferred tax	13	(65,273)	(91,614)
<b>Net assets</b>		<u>5,755,089</u>	<u>5,675,717</u>
<b>Capital and reserves</b>			
Called up share capital	14	200,000	200,000
Other reserves	16	14,103	14,103
Profit and loss account	16	5,540,986	5,461,614
<b>Shareholders' funds</b>	17	<u>5,755,089</u>	<u>5,675,717</u>

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



**Mr P Rogerson**  
Director

Date: 12 May 2015

The notes on pages 8 to 19 form part of these financial statements.

# METFLEX PRECISION MOULDINGS LIMITED

## Notes to the financial statements For the period ended 30 December 2014

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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 period, 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% - 50% straight line
Furniture, fittings and equipment -	10% - 33% 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 period ended 30 December 2014**

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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 period.

#### **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 period ended 30 December 2014

### 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:

	2014 £	2013 £
United Kingdom	3,230,842	2,377,953
Europe	1,452,904	1,385,048
North America	2,686,729	2,873,426
Rest of world	2,721,297	1,799,697
	<u>10,091,772</u>	<u>8,436,124</u>

### 3. Operating profit

The operating profit is stated after charging/(crediting):

	2014 £	2013 £
Depreciation of tangible fixed assets:		
- owned by the company	257,539	196,250
- held under finance leases	7,375	27,834
Auditor's remuneration	12,195	11,600
Operating lease rentals:		
- other operating leases	164,339	160,388
Net (gain)/loss on foreign exchange	(18,968)	41,710
	<u></u>	<u></u>

### 4. Staff costs

Staff costs, including directors' remuneration, were as follows:

	2014 £	2013 £
Wages and salaries	2,295,300	2,147,754
Social security costs	211,831	201,255
Other pension costs	287,763	131,280
	<u>2,794,894</u>	<u>2,480,289</u>

# METFLEX PRECISION MOULDINGS LIMITED

## Notes to the financial statements For the period ended 30 December 2014

### 4. Staff costs (continued)

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

	2014 No.	2013 No.
Production	43	46
Administrative	36	35
Directors	3	3
	<u>82</u>	<u>84</u>

### 5. Directors' remuneration

	2014 £	2013 £
Remuneration	<u>251,783</u>	<u>230,541</u>
Company pension contributions to defined contribution pension schemes	<u>232,182</u>	<u>69,064</u>

During the period retirement benefits were accruing to 3 directors (2013: 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £107,867 (2013: £102,029).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £52,412 (2013: £18,277).

### 6. Interest payable and similar charges

	2014 £	2013 £
On bank loans and overdrafts	11,561	18,264
On finance leases and hire purchase contracts	710	3,393
On invoice discounting	799	452
	<u>13,070</u>	<u>22,109</u>

# METFLEX PRECISION MOULDINGS LIMITED

## Notes to the financial statements For the period ended 30 December 2014

### 7. Taxation

	2014 £	2013 £
<b>Analysis of tax charge in the period/year</b>		
<b>Current tax</b> (see note below)		
UK corporation tax charge on profit for the period/year	307,228	228,682
Adjustments in respect of prior periods	-	1,225
<b>Total current tax</b>	<b>307,228</b>	<b>229,907</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(20,218)	(2,573)
Short term timing differences	(6,123)	(3,376)
<b>Total deferred tax</b> (see note 13)	<b>(26,341)</b>	<b>(5,949)</b>
<b>Tax on profit on ordinary activities</b>	<b>280,887</b>	<b>223,958</b>

### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2013: higher than) the standard rate of corporation tax in the UK of 21.5% (2013: 23.25%). The differences are explained below:

	2014 £	2013 £
Profit on ordinary activities before tax	1,560,259	1,189,967
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.5% (2013: 23.25%)	335,456	276,667
<b>Effects of:</b>		
Expenses not deductible for tax purposes	690	678
Capital allowances for year in deficit/(excess) of depreciation	6,245	(10,020)
Adjustments to tax charge in respect of prior periods	-	1,225
Research and development tax credit	(41,656)	(45,181)
Movement in provisions	6,582	6,571
Differences in tax rates	(89)	(33)
<b>Current tax charge for the period/year</b> (see note above)	<b>307,228</b>	<b>229,907</b>

Payment of £29,197 has been made in respect of losses surrendered by group companies during the period.

# METFLEX PRECISION MOULDINGS LIMITED

## Notes to the financial statements For the period ended 30 December 2014

### 8. Tangible fixed assets

	Leasehold property improvements £	Plant and machinery £	Motor vehicles £	Furniture, fittings and equipment £	Total £
<b>Cost</b>					
At 1 January 2014	561,036	1,800,287	105,915	239,821	2,707,059
Additions	18,811	71,961	-	64,666	155,438
Transfers intra group	(423,535)	-	-	-	(423,535)
Disposals	(156,312)	-	(37,195)	-	(193,507)
At 30 December 2014	-	1,872,248	68,720	304,487	2,245,455
<b>Depreciation</b>					
At 1 January 2014	118,638	1,007,095	56,515	180,585	1,362,833
Charge for the period	37,674	176,188	16,474	34,578	264,914
On disposals	(156,312)	-	(37,195)	-	(193,507)
At 30 December 2014	-	1,183,283	35,794	215,163	1,434,240
<b>Net book value</b>					
At 30 December 2014	-	688,965	32,926	89,324	811,215
At 31 December 2013	442,398	793,192	49,400	59,236	1,344,226

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

	30 December 2014 £	31 December 2013 £
Motor vehicles	14,750	22,125

### 9. Stocks

	30 December 2014 £	31 December 2013 £
Raw materials	194,154	190,123
Work in progress	169,305	180,466
Finished goods	647,851	623,501
	1,011,310	994,090



# METFLEX PRECISION MOULDINGS LIMITED

## Notes to the financial statements For the period ended 30 December 2014

### 10. Debtors

	30 December 2014 £	31 December 2013 £
<b>Due after more than one year</b>		
Amounts owed by group undertakings	1,929,107	3,091,518
	<u>1,929,107</u>	<u>3,091,518</u>
	30 December 2014 £	31 December 2013 £
<b>Due within one year</b>		
Trade debtors	2,204,521	1,374,922
Amounts owed by group undertakings	1,000,000	-
VAT repayable	42,457	142,856
Other debtors	23,088	50,398
Prepayments and accrued income	116,825	138,414
	<u>3,386,891</u>	<u>1,706,590</u>

Trade debtors amounting to £1,548,812 (2013: £1,130,864) have been invoice discounted through a facility with Yorkshire Bank plc. At the balance sheet date the amount owing to Yorkshire Bank plc was £Nil (2013: £Nil).

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

	30 December 2014 £	31 December 2013 £
Bank loans and overdrafts	151,887	144,850
Other loans	-	2,760
Net obligations under finance leases and hire purchase contracts	8,850	10,163
Trade creditors	1,068,182	1,234,158
Corporation tax	163,852	87,825
Other taxes and social security	56,947	51,752
Other creditors	11,503	9,821
Accruals and deferred income	427,788	430,119
	<u>1,889,009</u>	<u>1,971,448</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 period ended 30 December 2014

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

	30 December 2014 £	31 December 2013 £
Bank loans	12,985	164,872
Net obligations under finance leases and hire purchase contracts	-	8,850
	<u>12,985</u>	<u>173,722</u>

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

	30 December 2014 £	31 December 2013 £
Between one and five years	-	8,850

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.

### 13. Deferred taxation

	30 December 2014 £	31 December 2013 £
At beginning of period/year	91,614	97,563
Released during period/year	(26,341)	(5,949)
	<u>65,273</u>	<u>91,614</u>

The provision for deferred taxation is made up as follows:

	30 December 2014 £	31 December 2013 £
Accelerated capital allowances	92,216	112,434
Short term timing differences	(26,943)	(20,820)
	<u>65,273</u>	<u>91,614</u>

# METFLEX PRECISION MOULDINGS LIMITED

## Notes to the financial statements For the period ended 30 December 2014

### 14. Share capital

	30 December 2014 £	31 December 2013 £
<b>Allotted, called up and fully paid</b>		
200,000 Ordinary shares of £1 each	<u>200,000</u>	<u>200,000</u>

### 15. 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 £250,000 (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.

### 16. Reserves

	Other reserves £	Profit and loss account £
At 1 January 2014	14,103	5,461,614
Profit for the financial period	-	1,279,372
Dividends: Equity capital	-	(1,200,000)
At 30 December 2014	<u>14,103</u>	<u>5,540,986</u>

# METFLEX PRECISION MOULDINGS LIMITED

## Notes to the financial statements For the period ended 30 December 2014

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

	30 December 2014 £	31 December 2013 £
Opening shareholders' funds	5,675,717	4,709,708
Profit for the financial period/year	1,279,372	966,009
Dividends (Note 18)	(1,200,000)	-
Closing shareholders' funds	<u>5,755,089</u>	<u>5,675,717</u>

### 18. Dividends

	2014 £	2013 £
Dividends paid on equity capital	<u>1,200,000</u>	<u>-</u>

### 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 (2013: £704,314).

### 20. 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 £287,763 (2013: £131,280). At the balance sheet date the company owed £89,353 (2013: £75,606) to the pension scheme.

### 21. Operating lease commitments

At 30 December 2014 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	30 December 2014 £	31 December 2013 £	30 December 2014 £	31 December 2013 £
<b>Expiry date:</b>				
Within 1 year	-	-	1,527	-
Between 2 and 5 years	-	-	-	1,527
After more than 5 years	<u>176,500</u>	<u>158,861</u>	<u>-</u>	<u>-</u>

# METFLEX PRECISION MOULDINGS LIMITED

## Notes to the financial statements For the period ended 30 December 2014

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### 22. 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 period ended 30 December 2014

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### 23. Related party transactions

The company has taken advantage of the exemption from the requirements to disclose transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is a party to the transaction is wholly owned by a member of that group.

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 £2,929,107 (2013: £3,091,518) from Metflex Holding Company Limited.

During the year the company made purchases of £5,506 (2013: £6,236) from Rogerson Homeserve+ Limited, a company in which Mr P Rogerson is a director and shareholder. At the balance sheet date the company owed £5,877 (2013 £3,119) to Rogerson Homeserve+ Limited.

During the year the company made purchases of £27,902 (2013: £Nil) from Fellside Renewable Energy Production Limited, a company in which Mr P Rogerson is a director and shareholder. At the balance sheet date the company owed £5,928 (2013:£Nil) to Fellside Renewable Energy Production Limited.

### 24. Ultimate parent undertaking and controlling party

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

During the current and previous year, the ultimate controlling party is Mr P Rogerson by virtue of his majority shareholding in the ultimate parent undertaking.

The results are consolidated in the financial statements of Metflex Holding Company Limited, copies of which can be obtained from the registered office.