

CARBOLITE LIMITED

Report and Financial Statements

For the year ended 30 September 2011



REPORT AND FINANCIAL STATEMENTS 2011

CONTENTS	Page
Directors' report	1
Directors' responsibilities statement	3
Independent auditor's report	4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7

DIRECTORS' REPORT

The directors present the annual report and the audited accounts for the year ended 30 September 2011

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the company are the manufacture and distribution of furnaces and ovens for laboratory, pilot plant and industrial applications

RESULTS AND DIVIDENDS

Following a year of recovery in 2010 the year ended 30 September 2011 reflected a year of growth for the company with some improvement in global market conditions. The directors are pleased to report an operating profit of £2,048,036 (2010 £1,902,572). Sales of £12,593,366 were achieved in the year (2010 £10,761,760). The balance sheet on page 6 shows net assets of £7,507,380 (2010 £6,033,128).

No interim or final dividend was proposed (2010 same)

Future prospects

The market outlook for 2012 shows signs of further improvement with increased levels of enquiries now evident. The company continues to be well positioned to benefit from any further market recovery.

The accounts have been prepared on a going concern basis. Further information on this basis on preparation is given in note 1 of the accounts.

Principal risks and uncertainties

The key risks and uncertainties for the business is a return to a global economic recession.

Management operates a formal review to identify and monitor risk, and have specific actions in place to minimise the potential impact of any risks identified.

Results	2011 £	2010 £
Profit on ordinary activities before tax	2,210,961	2,248,549
Retained profit for the financial year	<u>1,474,252</u>	<u>1,595,676</u>

Changes in fixed assets

The movements in fixed assets during the year are set out in note 6 to the accounts.

DIRECTORS

The names of those who have served as directors during the year and to the date of approval of this report are as follows:

M E Nevin
A D Robson

CHARITABLE DONATIONS

During the year donations for charitable purposes totalled £1,350 (2010 £980). There were no contributions made for political purposes (2010 £nil).

EMPLOYEE INVOLVEMENT

The company has established channels for communication and consultation with employees and their representative on health and safety, financial results, and other matters of shared interest.

DIRECTORS' REPORT (continued)

DISABLED PERSONS

Equal opportunity is given to any registered disabled person who applies for employment, taking into account the aptitude of the applicant and the requirements of the job

Should any employee become disabled, all reasonable steps are taken to provide continued employment and retraining

Opportunities for training, career development and promotion are extended to all employees regarding any disability, consistent with the requirements of the company and the potential of the person concerned

PAYMENT TO SUPPLIERS

It is the company's policy to agree terms of payment with suppliers and to pay bills in accordance with these terms. The ratio between the amounts invoiced to the company by its suppliers and the amounts owed to its trade creditors at the end of the period was 61 days (2010 60)

RESEARCH AND DEVELOPMENT

Carbolite Limited performs continuous research and development in the pursuit of new and improved products and tighter performance specifications. Details of amounts spent on research and development during the year are given in note 3(a)

AUDITOR

In the case of each of the persons who is a director of the company at the date of approval of this report confirms that

- so far as the directors is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting

Approved by the Board of Directors
and signed on behalf of the Board



M E Nevim

Director 30/3/12

Registered office
4 Felstead Gardens
Ferry Street
London
E14 3BS

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual 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,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARBOLITE LIMITED

We have audited the financial statements of Carbolite Limited for the year ended 30 September 2011 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes 1 to 20. 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 annual 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 30 September 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.

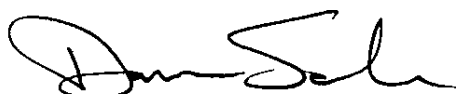
Opinion on other matter prescribed by the Companies Act 2006

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.

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.



Damian Sanders (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Manchester, United Kingdom

30/3/2012

PROFIT AND LOSS ACCOUNT
Year ended 30 September 2011

	Note	2011 £	2010 £
Turnover	2	12,593,366	10,761,760
Operating profit	3(a)	2,048,036	1,902,572
Income from shares in group undertakings		171,294	354,303
Profit on ordinary activities before finance charges		2,219,330	2,256,875
Net interest payable	4	(8,369)	(8,326)
Profit on ordinary activities before taxation		2,210,961	2,248,549
Taxation on profit on ordinary activities	5	(736,709)	(652,873)
Profit on ordinary activities after taxation	12,15	1,474,252	1,595,676

The company has no recognised gains and losses other than the profit for the current and prior year as shown above
Accordingly a separate statement of total recognised gains and losses is not presented

All operations are continuing

BALANCE SHEET
As at 30 September 2011

	Note	2011 £	2010 £
FIXED ASSETS			
Tangible assets	6	2,025,920	1,828,133
Investments	7	2,337,600	2,337,600
		<u>4,363,520</u>	<u>4,165,733</u>
CURRENT ASSETS			
Stocks	8	1,183,465	984,424
Debtors	9	6,764,800	5,138,909
Cash at bank and in hand		773,027	545,459
		<u>8,721,292</u>	<u>6,668,792</u>
CREDITORS. Amounts falling due within one year	10	<u>(5,295,182)</u>	<u>(4,486,674)</u>
NET CURRENT ASSETS		<u>3,426,110</u>	<u>2,182,118</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>7,789,630</u>	<u>6,347,851</u>
PROVISIONS FOR LIABILITIES	14	<u>(282,250)</u>	<u>(314,723)</u>
NET ASSETS		<u>7,507,380</u>	<u>6,033,128</u>
CAPITAL AND RESERVES			
Called up share capital	11	200,000	200,000
Profit and loss account	12	7,307,380	5,833,128
SHAREHOLDER'S FUNDS	15	<u>7,507,380</u>	<u>6,033,128</u>

These financial statements of Carbolite Limited, registered number 1371507, were approved by the Board of Directors on 30/3/12

Signed on behalf of the Board of Directors



M E Nevin
 Director

NOTES TO THE FINANCIAL STATEMENTS**Year ended 30 September 2011****1 ACCOUNTING POLICIES**

The financial statements are drawn up in accordance with applicable law and United Kingdom Accounting Standards on the historical cost basis of accounting. The principal accounting policies are summarised below. The following principal accounting policies have been applied consistently throughout the current and preceding year.

Going concern basis of preparation

Carbolite is a member of a group banking facility which covers all of the following companies: UK Boxer Holdco Limited, UK Boxer Propco Holdco Limited, UK Boxer Propco Holdco 2 Limited, UK Boxer Propco 3 Limited, and each of their respective subsidiaries (together the "banking group"). Under the terms of the banking facility each of the companies has provided guarantees to the others. The banking facility contains various documentary and financial performance based covenants, and certain other restrictions, which apply to the banking group as a whole and which are customary to such facilities.

The banking covenants were originally set in October 2007 and were most recently formally amended on 22nd September 2011 to accommodate bank consent for the group to repay £4m of facilities (of which £3m was repaid in September 2011) and to reset financial covenants consistent with the loan repayment and other changes that have occurred during the past 12 months – principally the sale of Sterilin Limited and the agreement to sell Scilabware Limited's business.

The directors have reviewed budgets and forecasts for the banking group as a whole for the period up to 30 September 2013, which were prepared in September 2011 assuming the economic conditions pertaining at that time would continue throughout a 2-year period. These budgets and forecasts indicate that, provided the individual businesses perform substantially in line with their expectations the group will meet all of its banking obligations and covenants as they apply.

Subsequent to the balance sheet date, the trading performance of the group was slightly better than had been included in the budget to September 2012 and the forward order book indicated that this situation is unlikely to deteriorate in the foreseeable future. The directors have identified some opportunities to assist in mitigating deteriorations and uncertainties in trading conditions and to address breaches of covenants in the event that such circumstances may threaten or occur.

On the basis of the above information, the directors are satisfied that the use of the going concern assumption is appropriate for the company.

Cash flows

In accordance with FRS 1 the company has not prepared a cash flow statement as it is wholly owned subsidiary of UK Boxer Holdco Limited and its cash flows are included in that company's consolidated cash flow statement.

Investments

Investments, including those in subsidiary companies, are held at cost less any provision for impairment.

Consolidated accounts

Consolidated accounts are not prepared for the company and its subsidiaries as the company is a wholly owned subsidiary undertaking of a company incorporated in the United Kingdom which prepares consolidated accounts (see note 20). Accordingly these financial statements present information on the company alone, and not of its group.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 30 September 2011

1. ACCOUNTING POLICIES (continued)

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

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

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, 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 is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold

Deferred tax is recognised in respect of the retained earnings of overseas subsidiaries and associates only to the extent that, at the balance sheet date, dividends have been accrued as receivable or a binding agreement to distribute past earnings in future has been entered into by the subsidiary or associate

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis

Foreign currencies

Transactions denominated in foreign currencies are translated into the functional currency at the rates ruling at the dates of the transaction

Assets and liabilities expressed in foreign currencies are translated into sterling using the closing rate method. Foreign exchange differences are taken into the profit and loss account

Stocks

Stocks are valued on a first in, first out basis and are stated at the lower of cost and estimated net realisable value. Cost includes materials, direct labour and an attributable portion of manufacturing overheads. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate

Fixed assets

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment. Depreciation is provided on tangible fixed assets at rates calculated to write off the cost, less estimated residual value of each asset on a straight line basis over its expected useful life. Freehold land is not depreciated

The estimated lives of the assets (in years) are as follows

Freehold buildings	10 - 25
Plant and machinery	3 - 10
Vehicles	4

Turnover

Turnover consists of amounts net of value added tax invoiced to customers in respect of recognised sales. Sales of goods are recognised when goods are despatched and title has passed

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 30 September 2011

1 ACCOUNTING POLICIES (continued)

Operating leases

Rentals under operating leases are charged to the profit and loss account on a straight-line basis over the lease term, even if the payments are not made on such a basis

Pension costs

During the year the company solely made contributions to the Prudential stakeholder pension plan

The amount charged to the profit and loss account in respect of pension costs and other post-retirement benefit is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet

Research and development

Research and development expenditure is written off as incurred to the profit and loss account

2. TURNOVER

The company operates in one class of business, that of furnaces and ovens

The analysis of sales by geographical destination is set out below

	2011 £	2010 £
United Kingdom	4,345,086	3,835,098
Continental Europe	3,982,055	3,111,465
North America	1,481,477	1,060,279
Rest of World	2,784,748	2,754,918
	<u>12,593,366</u>	<u>10,761,760</u>

All turnover originated in the United Kingdom

3. (a) OPERATING PROFIT

Operating profit is arrived at as follows:

	2011 £	2010 £
Turnover	12,593,366	10,761,760
Cost of sales	<u>(6,703,070)</u>	<u>(5,717,948)</u>
Gross profit	<u>5,890,296</u>	<u>5,043,812</u>
Distribution costs	(128,272)	(110,383)
Administration costs		
Other	(2,825,527)	(2,257,734)
Onerous lease costs	<u>-</u>	<u>35,000</u>
Total administration costs	<u>(2,825,527)</u>	<u>(2,222,734)</u>
Other operating expenses	<u>(1,016,733)</u>	<u>(808,123)</u>
Operating profit	<u>2,048,036</u>	<u>1,902,572</u>

Onerous lease costs incurred on a sub-let property which became vacant during the 2009 financial year were recovered in the prior year as the liability was confirmed to no longer rest with Carbolite Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 30 September 2011

3 (a) OPERATING PROFIT (continued)

Operating profit is stated after charging/(crediting) the following items:	2011 £	2010 £
Depreciation of fixed assets	314,523	282,301
Hire of plant and machinery - operating leases	15,210	10,985
Hire of other assets - operating leases	65,696	54,092
Land and buildings - operating leases	-	12,144
Profit on sale of fixed assets	-	(373)
Research and development	458,120	476,371
Auditor's remuneration		
- Fees payable to the company's auditor for the audit of the company's annual accounts	23,569	33,443

(b) Emoluments of directors

The directors are also directors of other group companies for whom their primary duties are discharged. These directors receive no emoluments in respect of their position as directors of the company and accordingly no emoluments are disclosed in these accounts.

Directors' emoluments are paid by other companies within the UK Boxer Holdco Limited Group but are not recharged.

(c) Employees

	2011 No	2010 No
The average number of persons employed by the company including directors was:		
Managerial	19	18
Clerical and related	57	49
Operatives	70	66
	146	133
	2011 £	2010 £
Employee costs including directors were:		
Wages and salaries	3,718,966	3,170,286
Social security costs	418,279	353,098
Pension costs	189,687	175,973
	4,326,932	3,699,357

4 NET INTEREST PAYABLE

	2011 £	2010 £
Interest payable to group undertakings	(11,265)	(13,207)
Interest receivable on bank deposits	2,896	4,881
Net interest payable	(8,369)	(8,326)

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 30 September 2011

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

Analysis of tax charge on ordinary activities

	2011 £	2010 £
Current tax		
Group relief	675,063	668,408
Adjustments in respect of previous periods	(144)	58,346
Total current tax charge for the year	<u>674,919</u>	<u>726,754</u>
Deferred tax		
UK deferred tax – timing differences, origination and reversal	60,406	(51,424)
Adjustments in respect of previous periods	49	(25,361)
Effect of changes in tax rates	1,335	2,904
Total deferred tax charge/(credit) for the year	<u>61,790</u>	<u>(73,881)</u>
Total tax on ordinary activities	<u><u>736,709</u></u>	<u><u>652,873</u></u>

Factors affecting the tax charge for the current year:

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax are as follows

	2011 £	2010 £
Profit on ordinary activities before taxation	<u>2,210,961</u>	<u>2,248,549</u>
Tax on profit on ordinary activities at standard UK corporation tax rate of 27% (2010 28%)	596,959	629,594
Effects of.		
Expenses not deductible for tax purposes	65,802	13,616
Income not taxable for tax purposes	(46,245)	(99,205)
Capital allowances (in excess of)/less than depreciation	(55,829)	60,678
Imputed interest payable	119,673	72,979
Movement in short term timing differences	(4,577)	(9,254)
Adjustments in respect of previous periods	(144)	58,346
Current tax charge for year	<u><u>674,919</u></u>	<u><u>726,754</u></u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 30 September 2011

6. TANGIBLE FIXED ASSETS

	Freehold land & buildings £	Plant, machinery & vehicles £	Total £
Cost			
As at 1 October 2010	744,742	1,516,647	2,261,389
Additions	-	513,587	513,587
Disposals	-	(107,828)	(107,828)
	<u>744,742</u>	<u>1,922,406</u>	<u>2,667,148</u>
At 30 September 2011			
Accumulated depreciation			
As at 1 October 2010	160,853	272,403	433,256
Provided during the year	54,973	259,550	314,523
Disposals	-	(106,551)	(106,551)
	<u>215,826</u>	<u>425,402</u>	<u>641,228</u>
At 30 September 2011			
Net book value			
At 30 September 2011	<u>528,916</u>	<u>1,497,004</u>	<u>2,025,920</u>
At 30 September 2010	<u>583,889</u>	<u>1,244,244</u>	<u>1,828,133</u>

7. INVESTMENTS

	£
Cost and net book value at 30 September 2010 and 30 September 2011	<u>2,337,600</u>

The company's interest in its subsidiary companies is as follows

	Country of incorporation or principal business address	Principal activity	Proportion of ordinary shares held
L I P (Equipment and Services) Ltd	UK	Non-trading	100%
Carbolite Ovens Ltd	UK	Non-trading	100%
Lenton Thermal Designs Ltd	UK	Non-trading	100%
Carbolite GmbH	Germany	Oven and furnace distributor	100%
Carbolite Inc	USA	Oven and furnace distributor	100%

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 30 September 2011

8. STOCKS

	2011 £	2010 £
Raw materials	744,079	590,215
Work in progress	294,936	265,744
Finished goods	144,450	128,465
	<u>1,183,465</u>	<u>984,424</u>

In the opinion of the directors, the replacement cost of stocks is not materially different from the value of stock as listed above

9. DEBTORS

	2011 £	2010 £
Trade debtors	1,023,461	1,098,548
Amounts owed by group undertakings	5,562,170	3,835,878
Prepayments and accrued income	162,550	126,074
Deferred tax asset	16,619	78,409
	<u>6,764,800</u>	<u>5,138,909</u>

The amounts owed by group undertakings were repayable on demand at 30 September 2011. The directors of Carbolite Limited have advised that these amounts due will not be recalled to an extent that would prejudice the ability of group undertakings to meet their debts as they fall due so long as Carbolite Limited is within the same banking group as its fellow group companies.

Deferred tax:

The deferred tax asset consists of the following amounts

	2011 £	2010 £
Accelerated capital allowances	15,271	72,376
Short term timing differences	1,348	6,033
	<u>16,619</u>	<u>78,409</u>

The movement in the deferred tax balance is given below

	2011 £
Deferred tax asset at 1 October 2010	78,409
Charge to profit and loss account in the year	(61,741)
Adjustments in respect of previous periods	(49)
	<u>16,619</u>
Deferred tax asset at 30 September 2011	<u>16,619</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 30 September 2011

10. CREDITORS

	2011 £	2010 £
Trade creditors	980,191	796,751
Amounts owed to group undertakings	1,605,591	1,622,470
Other taxation and social security	94,681	84,914
Accruals and deferred income	1,374,131	1,078,198
Other creditors	565,669	177,587
Corporation tax – group relief	674,919	726,754
	<u>5,295,182</u>	<u>4,486,674</u>

The amounts due to group undertakings were repayable on demand at 30 September 2011. The directors of Carbolite Limited have been advised by the lending companies that these amounts due will not be recalled to an extent that would prejudice Carbolite Limited's ability to meet its debt as they fall due so long as Carbolite Limited is within the same banking group as its fellow group companies.

11. SHARE CAPITAL

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

12. RESERVES

	Profit and loss account £
As at 1 October 2010	5,833,128
Retained profit for the financial year	<u>1,474,252</u>
At 30 September 2011	<u>7,307,380</u>

13. CAPITAL COMMITMENTS

	2011 £	2010 £
Capital expenditure		
Contracted for but not provided	<u>-</u>	<u>36,781</u>
Authorised but not contracted for	<u>-</u>	<u>11,000</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 30 September 2011

14. PROVISIONS FOR LIABILITIES

	Warranty provision £
As at 1 October 2010	314,723
Profit and loss account credit in the year	<u>(32,473)</u>
As at 30 September 2011	<u>282,250</u>

The warranty provision relates to expected warranty claims in respect of products sold with warranties in the last two years. It is expected that the majority of this expenditure will be incurred in the next financial year and that all will be incurred within two years of the balance sheet date.

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2011 £	2010 £
Profit for the financial year	<u>1,474,252</u>	<u>1,595,676</u>
Net increase in shareholder's funds	<u>1,474,252</u>	<u>1,595,676</u>
Opening shareholder's funds	<u>6,033,128</u>	<u>4,437,452</u>
Closing shareholder's funds	<u>7,507,380</u>	<u>6,033,128</u>

16. PENSION COSTS

Contributions to the Prudential stakeholder pension plan for the year were £189,687 (2010 £175,973). At the year end there was £nil payable in respect of the pension arrangements (2010 £22,344).

17. FINANCIAL COMMITMENTS

At 30 September 2011, the company had commitments under non-cancellable operating leases as follows:

	2011		2010	
	Land and buildings £	Other £	Land and buildings £	Other £
Expiring within one year	-	1,770	-	4,944
Expiring between two and five years	49,005	72,477	-	57,142
Expiring over five years	-	-	-	-
	<u>49,005</u>	<u>74,247</u>	<u>-</u>	<u>62,086</u>

18. CONTINGENT LIABILITIES

In the current year the company guaranteed jointly with certain other group companies, the liabilities under various banking facilities. At 30 September 2011 the outstanding liabilities under these facilities amounted to £18.4m (2010 £27.3m).

19. FINANCIAL REPORTING STANDARD 8

The company has taken advantage of the exemption included in Financial Reporting Standard No 8 "Related Party Disclosures" (paragraph 3) for wholly owned subsidiaries not to disclose transactions with entities that are part of the group or investees of the group qualifying as related parties.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 30 September 2011

20. ULTIMATE HOLDING COMPANY

The company is a subsidiary of Carbolite Holdings Limited, which is itself a subsidiary of UK Boxer Holdco Limited, both of which are incorporated in England and Wales. The largest and smallest group for which group financial statements are prepared is headed by UK Boxer Holdco Limited. Copies of the UK Boxer Holdco Limited consolidated accounts can be obtained from the Secretary, 4 Felstead Gardens, Ferry Street, London E14 3BS. The ultimate parent company and controlling party is Nova Boxer LP, an entity registered in Guernsey.