

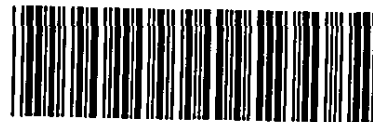
**Carbolite Limited**

**Directors' report and financial  
statements**

Registered number 01371507

31 December 2012

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## Directors' report

The director presents the annual report and the audited accounts for the 15 month period ended 31 December 2012

### 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

Carbolite has once again delivered another strong performance with revenue of £17.6m for the 15 month period ended 31 December 2012 (year to 30 September 2011 £12.6m). Continuing the growth shown in 2011, the period ending December 2012 reflected a strong period of growth for the company including the increased employment to 148 employees which was enhanced by further improvement in global market conditions. The directors are pleased to report an operating profit of £3.7m in the 15 month period (year to 30 September 2011 £2.0m).

During the period 100% of the share capital of the company's parent, Carbolite Holdings Limited, was acquired by Verder Holdings UK Limited and became part of the Verder International B.V. Group. The accounting period was extended to 31 December 2012 in order to bring the reporting date in line with the rest of the group.

### Future prospects

The market outlook for 2013 shows continued signs of further improvement with increased levels of enquiries now evident. The Company has made a positive start to the new financial year and is well positioned to benefit from any further market growth.

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

The following KPI's are part of the tools used by management to monitor the businesses performance

	2012	2011
Operating Margin (%)	21.1%	16.3%
Stock turnover	10.3	10.6
Current ratio	2.0	1.6

### Principal risks and uncertainties

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

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

### Changes in fixed assets

The movements in fixed assets during the year are set out in note 7 to the accounts.

### Directors

The names of those who have been Directors during the period are as follows -

Dr J Pankratz	(appointed 2 July 2012)
Mr A D Robson	(appointed 6 December 2007, resigned 2 July 2012)
Mr M E Nevin	(appointed 17 December 2007, resigned 2 July 2012)

### Charitable donations

During the year the donations for charitable purposes totalled £2,115 (2011 £1,350). There were no contributions made for political purposes £nil (2011 £nil).

## **Directors' report** *(continued)*

### **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

### **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 40 days (2011 61 days)

### **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

### **Disclosure of information to auditor**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each 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

### **Auditor**

Deloitte LLP resigned as auditor during the year and KPMG LLP were appointed to fill the vacancy arising. In accordance with Section 487 of the Companies Act 2006, a resolution for the re-appointment of KPMG LLP as auditor of the Company is to be proposed at the forthcoming Annual General Meeting

By order of the board



Dr J Pankratz  
Director

Parsons Lane  
Hope  
Hope Valley  
S33 6RB

02 August 2013

## **Statement of directors' responsibilities in respect of the Directors' Report and the financial statements**

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



## **KPMG LLP**

1 The Embankment  
Neville Street  
Leeds  
LS1 4DW  
United Kingdom

### **Independent auditor's report to the members of Carbolite Limited**

We have audited the financial statements of Carbolite Limited for the 15 month period ended 31 December 2012 as set out on pages 6 to 17. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditor.

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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### **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 period then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

## **Independent auditor's report to the members of Carbolite Limited *(continued)***

### **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



**Andrew Sills (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
Chartered Accountants  
1 The Embankment  
Neville Street  
Leeds  
LS1 4DW

**2 August 2013**

## Profit and loss account

for the 15 month period ended 31 December 2012

	Note	15 month period ended 31 December 2012 £	Year ended 30 September 2011 £
Turnover	2	17,646,317	12,593,366
Operating profit	3	3,717,876	2,048,036
Income from shares in group undertaking		387,951	171,294
Profit on ordinary activities before finance charges		4,105,827	2,219,330
Net interest payable	5	(16,834)	(8,369)
Profit on ordinary activities before taxation		4,088,993	2,210,961
Tax on profit on ordinary activities	6	(545,514)	(736,709)
Profit for the financial period	13, 16	3,543,479	1,474,252

All operations are continuing

The notes on pages 8 to 17 form part of these financial statements

## Statement of Total Recognised Gains and Losses

for the 15 month period ended 31 December 2012

	Note	15 month period ended 31 December 2012 £	Year ended 30 September 2011 £
Profit for the period		3,543,479	1,474,252
Net foreign exchange gains relating to the retranslation of net assets of overseas branches		2,467	-
Total recognised gains and losses for the period		3,545,946	1,474,252

The notes on pages 8 to 17 form part of these financial statements



**Balance sheet**  
*as at 31 December 2012*

	Notes	31 December 2012 £	30 September 2011 £
<b>Fixed assets</b>			
Tangible assets	7	1,881,471	2,025,920
Investments	8	2,337,600	2,337,600
		<u>4,219,071</u>	<u>4,363,520</u>
<b>Current assets</b>			
Stocks	9	1,364,924	1,183,465
Debtors	10	6,940,451	6,764,800
Cash at bank and in hand		831,305	773,027
		<u>9,136,680</u>	<u>8,721,292</u>
<b>Creditors: amounts falling due within one year</b>	11	<u>(4,496,925)</u>	<u>(5,295,182)</u>
<b>Net current assets</b>		<u>4,639,755</u>	<u>3,426,110</u>
<b>Total assets less current liabilities</b>		<u>8,858,826</u>	<u>7,789,630</u>
<b>Provisions for liabilities</b>	15	<u>(305,500)</u>	<u>(282,250)</u>
<b>Net assets</b>		<u>8,553,326</u>	<u>7,507,380</u>
<b>Capital and reserves</b>			
Called up share capital	12	200,000	200,000
Profit and loss account	13	8,353,326	7,307,380
<b>Shareholders' funds</b>	16	<u>8,553,326</u>	<u>7,507,380</u>

The notes on pages 8 to 17 form part of these financial statements

These financial statements were approved by the board of directors on 02 August 2013 and were signed on its behalf by

  
Dr J Pankratz  
Director

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

#### *Basis of preparation*

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

#### *Consolidated accounts*

The Company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

#### *Cash flow statement*

The company has not prepared a cash flow statement as it is a wholly owned subsidiary of a group headed by Verder International B V, which are publicly available, and which include a cash flow statement. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard number 1 (Revised 1996) "Cash flow statements".

#### *Going concern*

The company's forecasts and projections, taking account of reasonable changes in trading performance, show that the company should be able to operate within the level of its current facility. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### *Investments*

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

## **Notes (continued)**

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

#### ***Taxation***

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

#### ***Foreign currencies***

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction

Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in 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***

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

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

No depreciation is provided on freehold land.

#### ***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.

#### ***Operating leases***

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

#### ***Pension costs***

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

The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

#### ***Research and development***

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

## Notes (continued)

### 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

	15 month period ended 31 December 2012 £	Year ended 30 September 2011 £
United Kingdom	6,076,306	4,345,086
Continental Europe	4,667,853	3,982,055
North America	1,908,945	1,481,477
Rest of World	4,993,213	2,784,748
	<u>17,646,317</u>	<u>12,593,366</u>

All turnover originated in the United Kingdom

### 3 Operating profit

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

	15 month period ended 31 December 2012 £	Year ended 30 September 2011 £
Turnover	17,646,317	12,593,366
Cost of sales	(8,999,906)	(6,703,070)
Gross profit	<u>8,646,412</u>	<u>5,890,296</u>
Distribution costs	(197,238)	(128,272)
Administration costs	(3,310,178)	(2,697,255)
Other operating expenses	(1,421,120)	(1,016,733)
Operating profit	<u>3,717,876</u>	<u>2,048,036</u>

## Notes (continued)

### 4 Operating profit (continued)

Operating profit is stated after charging/(crediting) the following items

	15 month period ended 31 December 2012 £	Year ended 30 September 2011 £
Depreciation of fixed assets	489,070	314,523
Hire of plant and machinery – operating leases	17,467	15,210
Hire of other assets – operating leases	124,944	65,696
Profit on sale of fixed assets	(19,147)	-
Research and development	467,100	458,120
	<u>          </u>	<u>          </u>
Auditors' remuneration		
Audit of these financial statements	20,000	23,569
	<u>          </u>	<u>          </u>

### Emoluments of directors

The director is also a director of other group companies for whom their primary duties are discharged. The director receives no emoluments in respect of his position as director of the company and accordingly no emoluments are disclosed in these accounts.

Director's emoluments are paid by other companies within the Group but are not recharged.

The average number of persons employed by the company including directors was

	15 month period ended 31 December 2012 No.	Year ended 30 September 2011 No.
Management	19	19
Clerical and related	61	57
Operatives	68	70
	<u>          </u>	<u>          </u>
	148	146
	<u>          </u>	<u>          </u>

Employee costs include directors were

	15 month period ended 31 December 2012 £	Year ended 30 September 2011 £
Wages and salaries	5,043,325	3,718,966
Social security costs	531,088	418,279
Pension costs	295,401	189,687
	<u>          </u>	<u>          </u>
	5,869,814	4,326,932
	<u>          </u>	<u>          </u>

### 5 Net interest payable

	15 month period ended 31 December 2012 £	Year ended 30 September 2011 £
Interest payable to group undertakings	(16,436)	(11,265)
Interest received on bank deposits	-	2,896
Interest payable on bank loans	(373)	-
Interest payable to HMRC	(25)	-
	<u>          </u>	<u>          </u>
	(16,834)	(8,369)
	<u>          </u>	<u>          </u>

## Notes (continued)

### 6 Tax on profit on ordinary activities

	15 month period ended 31 December 2012 £	Year ended 30 September 2011 £
<i>Current tax</i>		
UK corporation tax on profits of the period	563,572	675,063
Adjustment in respect of previous periods	-	(144)
<b>Total current tax</b>	<b>563,572</b>	<b>674,919</b>
<i>Deferred taxation</i>		
Origination and reversal of timing differences	(17,088)	60,406
Adjustments in respect of previous periods	(3,847)	49
Effects of tax rate change	2,877	1,335
<b>Total deferred tax</b>	<b>(18,058)</b>	<b>61,790</b>
<b>Total tax on ordinary activities</b>	<b>545,514</b>	<b>736,709</b>

#### *Factors affecting the tax charge for the current period*

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

	15 month period ended 31 December 2012 £	Year ended 30 September 2011 £
Profit on ordinary activities before taxation	4,088,993	2,210,961
Tax on profit at standard UK tax rate of 24.80% (2011 27.0%)	1,014,070	596,959
<i>Effects of</i>		
Expenses not deductible for tax purposes	137,580	65,082
Income not taxable for tax purposes	(96,208)	(46,245)
Capital allowances less depreciation	11,856	(55,829)
Imputed interest payable	-	119,673
Movement in short term timing differences	5,232	(4,577)
Group relief received free of charge	(504,824)	-
Effects of tax rate change /credits	(4,134)	-
Adjustments in respect of previous periods	-	(144)
<b>Current tax charge</b>	<b>563,572</b>	<b>674,919</b>

## Notes (continued)

### 7 Tangible fixed assets

	Freehold land and buildings £	Plant, machinery and vehicles £	Total £
<i>Cost</i>			
At 1 October 2011	744,742	1,922,406	2,667,148
Additions	-	368,365	368,365
Disposals	(35,000)	(99,855)	(134,855)
Foreign exchange retranslation	-	(3,107)	(3,107)
At 31 December 2012	709,742	2,187,809	2,897,551
<i>Depreciation</i>			
At 1 October 2011	215,826	425,402	641,228
Provided during the year	67,433	421,637	489,070
Disposals	(25,667)	(88,248)	(113,915)
Foreign exchange retranslation	-	(303)	(303)
At 31 December 2012	257,592	758,488	1,016,080
<i>Net book value</i>			
At 31 December 2012	452,150	1,429,321	1,881,471
At 30 September 2011	528,916	1,497,004	2,025,920

### 8 Investments

	2012 £
Cost and net book value at 30 September 2011 and 31 December 2012	2,337,600

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

	Country of incorporation	Principal activity	Proportion of ordinary shares held
LIP (Equipment and Services Limited)	UK	Non-trading	100%
Carbolite Ovens Limited	UK	Non-trading	100%
Lenton Thermal Designs Limited	UK	Non-trading	100%
Carbolite GmbH	Germany	Oven and furnace distributor	100%
Carbolite Inc	USA	Oven and furnace distributor	100%

**Notes (continued)**

**9 Stocks**

	2012 £	2011 £
Raw materials	691,087	744,079
Work in progress	269,233	294,936
Finished goods	404,604	144,450
	<u>1,364,924</u>	<u>1,183,465</u>

**10 Debtors**

	2012 £	2011 £
Trade debtors	1,063,030	1,023,461
Amounts owed by group undertakings	5,574,642	5,562,170
Prepayments and accrued income	268,102	162,550
Deferred tax asset	34,677	16,619
	<u>6,940,451</u>	<u>6,764,800</u>

The amounts owed by group undertakings were repayable on demand at 31 December 2012. 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

	2012 £	2011 £
Accelerated capital allowances	27,434	15,271
Short term timing differences	7,243	1,348
	<u>34,677</u>	<u>16,619</u>

The movement in the deferred tax balance is given below

	2012 £
Deferred tax asset at 1 October 2011	16,619
Charge to profit and loss account in the period	18,058
	<u>34,677</u>
Deferred tax asset at 31 December 2012	<u>34,677</u>



## Notes (continued)

### 11 Creditors

	2012 £	2011 £
Trade creditors	666,884	980,191
Amounts owed to related undertakings	1,588,179	1,605,591
Other taxation and social security	93,735	94,681
Accruals and deferred income	907,618	1,374,131
Other creditors	676,937	565,669
Corporation tax	334,347	-
Corporation tax – group relief	229,225	674,919
	<u>4,496,925</u>	<u>5,295,182</u>

The amounts due to group undertakings were repayable on demand at 31 December 2012. 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.

### 12 Share capital

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

### 13 Reserves

	Profit and loss account £
At 1 October 2011	7,307,380
Profit for the financial period	3,543,479
Dividends paid	(2,500,000)
Net foreign exchange gains relating to the retranslation of net assets of overseas branches	2,467
	<u>8,353,326</u>
At 31 December 2012	

### 14 Capital commitments

	2012 £	2011 £
Capital expenditure		
Contracted for but not provided	<u>4,977</u>	<u>-</u>

## Notes (continued)

### 15 Provisions for liabilities

	Warranty provision £
At 1 October 2011	282,250
Utilised in period	(77,528)
Provided for in the period	100,778
At 31 December 2012	305,500

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.

### 16 Reconciliation of movement in shareholders' funds

	2012 £	2011 £
Profit for the financial year	3,543,479	1,474,252
Dividends paid	(2,500,000)	-
Net foreign exchange gains relating to the retranslation of net assets of overseas branches	2,467	-
Net increase in shareholders' funds	1,045,946	1,474,252
Opening shareholders' funds	7,507,380	6,033,128
Closing shareholders' funds	8,553,326	7,507,380

### 17 Pension costs

Contributions to the Prudential stakeholder pension plan for the year were £295,401 (2011 £189,687). At the year end there was £24,916 payable in respect of the pension arrangements (2011 £nil).

### 18 Financial commitments

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

	2012		2011	
	Land and buildings £	Other £	Land and buildings £	Other £
Expiring within one year	3,436	17,938	-	1,770
Expiring between two and five years	34,692	67,091	49,005	72,477
	38,128	85,029	49,005	74,247

## **Notes (continued)**

### **19 Contingent liabilities**

During the current year the company guaranteed jointly with certain other group companies, the liabilities under various banking facilities. At 31 December 2012 following the change in ownership to Verder Holdings U K Limited the outstanding liabilities under these facilities amounted to £nil (2011 £18.4m)

### **20 Related party transactions**

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

### **21 Ultimate holding company**

During the period the ownership of the company changed from UK Boxer Midco Limited, a company incorporated in England and Wales, to Verder Holdings U K Limited, a company registered in England and Wales. The financial statements of Verder Holdings U K Limited can be obtained from Companies House. The ultimate parent undertaking and controlling party is Verder International B V, a company registered in The Netherlands, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. The financial statements of the company can be obtained from their registered office

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