

REGISTERED NUMBER: 01610309 (England and Wales)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2012
FOR
ACTION-SEALTITE LIMITED



M R Salvage Limited
Chartered Accountants
and Registered Auditors
7/8 Eghams Court
Boston Drive
Bourne End
Buckinghamshire
SL8 5YS

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FOR THE YEAR ENDED 30 APRIL 2012

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ACTION-SEALTITE LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 30 APRIL 2012

DIRECTORS:	H Robinson K Davies G E Nel P Robinson
SECRETARY:	K Davies
REGISTERED OFFICE:	7/8 Eghams Court Boston Drive Bourne End Buckinghamshire SL8 5YS
BUSINESS ADDRESS:	Unit 14 Moorbrook Southmead Industrial Park Didcot Oxfordshire OX11 7HP
REGISTERED NUMBER:	01610309 (England and Wales)
AUDITORS:	M R Salvage Limited Chartered Accountants and Registered Auditors 7/8 Eghams Court Boston Drive Bourne End Buckinghamshire SL8 5YS

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF

ACTION-SEALTITE LIMITED

Although the company is not required to file a Directors' Report or Statement of Comprehensive Income, the Companies Act 2006 requires the accompanying Report of the Auditors to be a copy of our report to the shareholders on the company's full Financial Statements and Report of the Directors. Readers are cautioned that the Statement of Comprehensive Income and certain other primary statements and the Report of the Directors, which may be referred to in the copy of our Report of the Auditors, are not required to be filed with the Registrar of Companies.

We have audited the financial statements of Action-Sealtite Limited for the year ended 30 April 2012 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 auditors

As explained more fully in the Statement of Directors' Responsibilities, 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 Report of the Directors 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 April 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF

ACTION-SEALTITE LIMITED

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the Report of the Directors

M R Salvage Limited

John Taylor (Senior Statutory Auditor)
for and on behalf of M R Salvage Limited
Chartered Accountants
and Registered Auditors
7/8 Eghams Court
Boston Drive
Bourne End
Buckinghamshire
SL8 5YS

Date

30th July 2012

ACTION-SEALTITE LIMITED (REGISTERED NUMBER: 01610309)**STATEMENT OF FINANCIAL POSITION****30 APRIL 2012**

	Notes	2012 £	2011 £
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	45,866	72,543
Investments	8	<u>200,010</u>	<u>200,010</u>
		<u>245,876</u>	<u>272,553</u>
CURRENT ASSETS			
Inventories	9	754,963	455,167
Trade and other receivables	10	1,171,004	1,053,900
Cash and cash equivalents	11	<u>5,841</u>	<u>58,591</u>
		<u>1,931,808</u>	<u>1,567,658</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	970,501	804,913
Financial liabilities - borrowings			
Bank overdrafts	13	65,903	95,185
Interest bearing loans and borrowings	13	10,666	10,666
Tax payable		<u>40,252</u>	<u>45,006</u>
		<u>1,087,322</u>	<u>955,770</u>
NET CURRENT ASSETS		<u>844,486</u>	<u>611,888</u>
NON-CURRENT LIABILITIES			
Financial liabilities - borrowings			
Interest bearing loans and borrowings	13	<u>22,443</u>	<u>33,110</u>
NET ASSETS		<u>1,067,919</u>	<u>851,331</u>
SHAREHOLDERS' EQUITY			
Called up share capital	16	1,000	1,000
Share premium	17	14,850	14,850
Capital contribution	17	150	150
Retained earnings	17	<u>1,051,919</u>	<u>835,331</u>
TOTAL EQUITY		<u>1,067,919</u>	<u>851,331</u>

The financial statements have been prepared and delivered in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

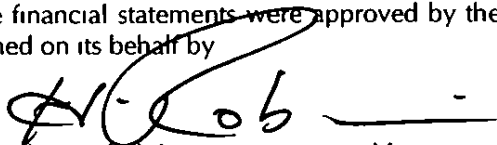
The notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION (CONTINUED)

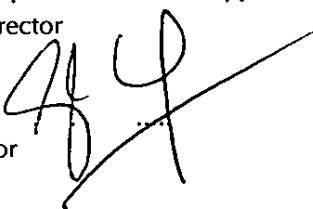
30 APRIL 2012

In accordance with Section 444 (5) of the Companies Act 2006 the financial statements delivered to the Registrar of Companies do not include a Directors' Report and Statement of Comprehensive Income.

The financial statements were approved by the Board of Directors on *25 July 2012* and were signed on its behalf by

A handwritten signature in black ink, appearing to read 'H Robinson', written over a horizontal line.

H Robinson - Director

A handwritten signature in black ink, appearing to read 'G E Nel', written over a horizontal line.

G E Nel - Director

The notes form part of these financial statements

ACTION-SEALTITE LIMITED (REGISTERED NUMBER: 01610309)

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 APRIL 2012

	Called up share capital equity £	Profit and loss account £	Share premium £	Capital contribution £	Total £
Balance at 1 May 2010	1,000	635,693	14,850	150	651,693
Changes in equity					
Dividends	-	(100,000)	-	-	(100,000)
Total comprehensive income	-	299,638	-	-	299,638
Balance at 30 April 2011	<u>1,000</u>	<u>835,331</u>	<u>14,850</u>	<u>150</u>	<u>851,331</u>
Changes in equity					
Dividends	-	(100,000)	-	-	(100,000)
Total comprehensive income	-	316,588	-	-	316,588
Balance at 30 April 2012	<u>1,000</u>	<u>1,051,919</u>	<u>14,850</u>	<u>150</u>	<u>1,067,919</u>

The notes form part of these financial statements

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 APRIL 2012

		2012 £	2011 £
Cash flows from operating activities			
Cash generated from operations	1	202,260	441,769
Interest paid		(5,858)	(9,152)
Interest element of finance lease payments paid		(1,612)	(2,436)
Tax paid		<u>(115,006)</u>	<u>(107,884)</u>
Net cash from operating activities		<u>79,784</u>	<u>322,297</u>
 Cash flows from investing activities			
Purchase of property, plant & equipment		(1,640)	(84,104)
Purchase of fixed asset investments		<u>-</u>	<u>(200,000)</u>
Net cash from investing activities		<u>(1,640)</u>	<u>(284,104)</u>
 Cash flows from financing activities			
New loans in year		-	52,663
Capital repayments in year		(10,667)	(8,887)
Movement on group debt		1,055	9,852
Equity dividends paid		(100,000)	(100,000)
Dividends received		<u>8,000</u>	<u>-</u>
Net cash from financing activities		<u>(101,612)</u>	<u>(46,372)</u>
 Decrease in cash and cash equivalents		<u>(23,468)</u>	<u>(8,179)</u>
Cash and cash equivalents at beginning of year	2	<u>(36,594)</u>	<u>(28,415)</u>
Cash and cash equivalents at end of year	2	<u><u>(60,062)</u></u>	<u><u>(36,594)</u></u>

The notes form part of these financial statements

NOTES TO THE STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 APRIL 2012

1 RECONCILIATION OF PROFIT BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS

	2012 £	2011 £
Profit before income tax	426,840	411,644
Depreciation charges	28,318	27,127
Finance costs	7,470	11,588
Finance income	<u>(8,000)</u>	<u>-</u>
	454,628	450,359
Increase in inventories	(299,796)	(83,742)
Increase in trade and other receivables	(117,605)	(128,523)
Increase in trade and other payables	<u>165,033</u>	<u>203,675</u>
Cash generated from operations	<u>202,260</u>	<u>441,769</u>

2 CASH AND CASH EQUIVALENTS

The amounts disclosed on the statement of cash flow in respect of cash and cash equivalents are in respect of these statement of financial position amounts

Year ended 30 April 2012

	30 4 12 £	1 5 11 £
Cash and cash equivalents	5,841	58,591
Bank overdrafts	<u>(65,903)</u>	<u>(95,185)</u>
	<u>(60,062)</u>	<u>(36,594)</u>

Year ended 30 April 2011

	30 4 11 £	1 5 10 £
Cash and cash equivalents	58,591	52,143
Bank overdrafts	<u>(95,185)</u>	<u>(80,558)</u>
	<u>(36,594)</u>	<u>(28,415)</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2012

1 ACCOUNTING POLICIES

Corporate information

Action-Sealtite Limited is a private limited company incorporated and domiciled in the United Kingdom. The address of the registered office is given on page 1. The principal activities are set out in the directors' report.

Implementation of new accounting standards

With effect from 1 May 2011, Action-Sealtite Limited has implemented an amendment to IAS 32 'Financial Instruments - Presentation - Classification of rights issues' and IAS 24 (Revised) 'Related party disclosures' and minor amendments to a number of other accounting standards. These revisions had no material impact on the current period or the prior period.

Basis of preparation

These financial statements have been prepared in accordance with the International Financial Reporting Standards and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

At the date of approval of these financial statements the following standards, amendments to existing standards and interpretations which are in issue but not yet effective have not been applied in these financial statements:

Amendments to IFRS 7 - Amendments enhancing disclosures about transfers of financial assets

In addition, the following standards, amendments to existing standards and interpretations are in issue but have not yet been endorsed by the EU.

IAS 27 (revised) - Separate Financial Statements

IAS 28 (revised) - Investments in Associates and Joint Ventures

IFRS 9 Financial Instruments

IFRS 10 Consolidated Financial Statements

IFRS 11 Joint Arrangements

IFRS 12 Disclosure of Interests in Other Entities

IFRS 13 Fair Value Measurement

Amendments to IAS 1 - Amendments to revise the way other comprehensive income is presented

Amendment to IAS 12 - Recovery of underlying assets

Amendment to IAS 19 - Amended Standard resulting from the Post-Employment Benefits and Termination Benefits projects

Amendments to IAS 32 - Amendments to application guidance on the offsetting of financial assets and financial liabilities

Amendment to IFRS 1 - Replacement of 'fixed dates' for certain exceptions with 'the date of transition to IFRSs'

Amendment to IFRS 1 - Additional exemption for entities ceasing to suffer from severe hyperinflation

Amendments to IFRS 7 - Amendments enhancing disclosures about offsetting of financial assets and financial liabilities

Amendments to IFRS 7 - Amendments requiring disclosures about the initial application of IFRS 9

IFRIC 20 - Stripping costs in the production phase of a surface mine

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2012

1 ACCOUNTING POLICIES – continued

Basis of preparation - continued

The directors anticipate that these standards or interpretations will either be not applicable to the company or that adoption in future periods will have no material impact on the financial statements of the company

In accordance with s444(5) of the Companies Act 2006 the financial statements prepared for delivery to the Registrar of Companies do not include an income statement or directors report as the company qualifies as a small company

Exemption from preparing consolidated financial statements

The financial statements contain information about Action-Sealtite Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 400 of the Companies Act 2006 and IAS 27 from the requirements to prepare consolidated financial statements. The results of the company and its subsidiary undertaking are included in the consolidated financial statements of its parent, Flowmax Limited, a company registered in England and Wales

Flowmax Limited prepares consolidated financial statements in accordance with International Financial Reporting Standards. Copies are available to the public and may be obtained from the Registrar of Companies

Revenue recognition

Revenue is recognised only when it is probable that the economic benefits associated with the transaction will flow to the company and the amount of revenue can be reliably estimated

Revenue represents amounts receivable for goods and services net of VAT and trade discounts

Property, plant and equipment

Property, plant and equipment is reflected at cost less accumulated depreciation and any recognised impairment loss

Depreciation is provided at the following annual rates in order to write off the depreciable amount of each asset over its estimated useful life

Motor vehicles	- over the life of the lease
Office equipment	- 20% on cost
Fixtures and fittings	- 20% on cost
Computer equipment	- 25% on cost

Financial instruments

The company uses certain financial instruments in its normal operating and investing activities, which are deemed appropriate to its circumstances, such as trade receivables and trade payables, cash at bank deposits and bank overdrafts, loans and equity shares and forward foreign exchange contracts. Financial assets and liabilities are recognised on the company's balance sheet when the company has become a party to the contractual provisions of the instrument

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2012

1 ACCOUNTING POLICIES - continued

Financial instruments - continued

Cash and cash equivalents comprise cash on hand and on demand deposits, and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value

Financial assets

In accordance with IFRS 7, trade receivables, loans and other receivables that have fixed or determinable payments are classified as 'Loans and receivables' and are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate, except for short term receivables when the recognition of interest would be immaterial.

Financial assets are assessed for impairment at each balance sheet date and any impairment recognised in the profit or loss. Trade receivables are assessed for collectability and where appropriate the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account and changes in the carrying amount of the allowance account are recognised in the profit or loss in the income statement.

Debt and equity instruments issued by the company

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Financial liabilities

In accordance with IFRS 7 financial liabilities such as trade payables and loans are classified as 'Other financial liabilities' and are measured initially at fair value. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, except for short term payables when the recognition of interest would be immaterial.

Inventories

Inventories are valued at average cost, after making due allowance for obsolete and slow moving items.

Net realisable value represents the estimated selling price less all estimated costs of completion, marketing, selling and distribution.

Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the balance sheet date.

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Assets obtained under hire purchase or finance leases, where the company has substantially all the risks and rewards of ownership, are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or lease term, whichever is shorter.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2012

1 ACCOUNTING POLICIES - continued

Hire purchase and leasing commitments - continued

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Leases in which a significant proportion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Employee benefit costs

Contributions in respect of the company's pension scheme are charged to the profit and loss account for the year in which they are payable to the scheme.

Critical accounting estimates and areas of judgement

The company makes estimates and assumptions concerning the future, and judgements in applying the company's accounting policies. The resulting accounting estimates will, by definition, seldom equal the actual results. There were no estimates or assumptions that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year.

Deferred tax

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

2 EMPLOYEES AND DIRECTORS

	2012 £	2011 £
Wages and salaries	621,584	524,744
Social security costs	65,554	60,572
Other pension costs	<u>26,586</u>	<u>24,270</u>
	<u>713,724</u>	<u>609,586</u>
	2012 £	2011 £
Directors' remuneration	125,782	125,472
Directors' pension contributions to money purchase schemes	<u>12,600</u>	<u>12,600</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>2</u>	<u>2</u>
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ACTION-SEALTITE LIMITED (REGISTERED NUMBER: 01610309)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2012

3 NET FINANCE INCOME

	2012 £	2011 £
Finance income.		
Shares in group undertakings	<u>8,000</u>	<u>-</u>
Finance costs		
Bank interest	5,858	9,152
Leasing	<u>1,612</u>	<u>2,436</u>
	<u>7,470</u>	<u>11,588</u>
Net finance income	<u>530</u>	<u>(11,588)</u>

4 PROFIT BEFORE INCOME TAX

The profit before income tax is stated after charging/(crediting)

	2012 £	2011 £
Cost of inventories recognised as expense	3,042,510	2,919,098
Other operating leases	29,568	25,892
Depreciation - owned assets	15,153	16,156
Depreciation - assets on finance leases	13,166	10,971
Auditors' remuneration	7,500	7,500
Foreign exchange losses/(profit)	412	(2,670)
Cost of inventories written off in the year	<u>64,043</u>	<u>29,425</u>

5 INCOME TAX

Analysis of tax expense

	2012 £	2011 £
Current tax		
Taxation	<u>110,252</u>	<u>112,006</u>
Total tax expense in statement of comprehensive income	<u>110,252</u>	<u>112,006</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**FOR THE YEAR ENDED 30 APRIL 2012****5 INCOME TAX - continued****Factors affecting the tax expense**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below

	2012 £	2011 £
Profit on ordinary activities before income tax	<u>426,840</u>	<u>411,644</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 26% (2011 - 28%)	110,978	115,260
Effects of		
Capital allowances in excess of depreciation	4,192	3,867
Disallowable costs	1,287	2,121
Provision adjustment	-	(5,509)
Finance lease adjustment	(3,423)	(3,072)
Exempt dividend income	(2,080)	-
Rate adjustment	<u>(702)</u>	<u>(661)</u>
Tax expense	<u>110,252</u>	<u>112,006</u>

6. DIVIDENDS

	2012 £	2011 £
Interim	<u>100,000</u>	<u>100,000</u>

Dividends of £100 per share (2011 £100) were paid during the year

7 PROPERTY, PLANT AND EQUIPMENT

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST				
At 1 May 2011	13,734	52,663	55,271	121,668
Additions	1,640	-	-	1,640
Disposals	<u>(2,331)</u>	<u>-</u>	<u>(26,070)</u>	<u>(28,401)</u>
At 30 April 2012	<u>13,043</u>	<u>52,663</u>	<u>29,201</u>	<u>94,907</u>
DEPRECIATION				
At 1 May 2011	8,278	10,971	29,876	49,125
Charge for year	2,609	13,166	12,544	28,319
Eliminated on disposal	<u>(2,333)</u>	<u>-</u>	<u>(26,070)</u>	<u>(28,403)</u>
At 30 April 2012	<u>8,554</u>	<u>24,137</u>	<u>16,350</u>	<u>49,041</u>
CARRYING AMOUNT				
At 30 April 2012	<u>4,489</u>	<u>28,526</u>	<u>12,851</u>	<u>45,866</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2012

7 PROPERTY, PLANT AND EQUIPMENT - continued

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST				
At 1 May 2010	11,494	-	26,309	37,803
Additions	2,240	52,663	29,201	84,104
Disposals	-	-	(239)	(239)
At 30 April 2011	<u>13,734</u>	<u>52,663</u>	<u>55,271</u>	<u>121,668</u>
DEPRECIATION				
At 1 May 2010	5,148	-	17,089	22,237
Charge for year	3,130	10,971	13,026	27,127
Eliminated on disposal	-	-	(239)	(239)
At 30 April 2011	<u>8,278</u>	<u>10,971</u>	<u>29,876</u>	<u>49,125</u>
CARRYING AMOUNT				
At 30 April 2011	<u>5,456</u>	<u>41,692</u>	<u>25,395</u>	<u>72,543</u>

The carrying amount of Motor vehicles includes £28,526 (2011 - £41,692) in respect of assets held under finance leases

Finance lease creditors are secured on the finance lease motor vehicles

8 INVESTMENTS

	Shares in group undertakings £
COST	
At 1 May 2011 and 30 April 2012	<u>200,010</u>
CARRYING AMOUNT	
At 30 April 2012	<u>200,010</u>
	Shares in group undertakings £
COST	
At 1 May 2010	10
Additions	<u>200,000</u>
At 30 April 2011	<u>200,010</u>
CARRYING AMOUNT	
At 30 April 2011	<u>200,010</u>

ACTION-SEALTITE LIMITED (REGISTERED NUMBER: 01610309)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2012

8 INVESTMENTS - continued

The company's investments at the statement of financial position date in the share capital of companies include the following

Biopharma Dynamics Limited

Nature of business Dormant

Class of shares	% holding	2012	2011
Ordinary	100 00	£	£
Aggregate capital and reserves		<u>10</u>	<u>10</u>

Lantech Solutions Limited

Nature of business Supply of flexible hoses and couplings

Class of shares	% holding	2012	2011
Ordinary	50 00	£	£
Aggregate capital and reserves		90,030	71,440
Profit for the year		<u>34,590</u>	<u>59,257</u>

9. INVENTORIES

	2012	2011
	£	£
Inventories	<u>754,963</u>	<u>455,167</u>

Inventories above include a provision of £64,043 (2011 £29,425) for slow moving and obsolete stock

10 TRADE AND OTHER RECEIVABLES

	2012	2011
	£	£
Current		
Trade debtors	1,079,656	969,748
Amounts due from related parties	1,901	2,402
Other debtors	32,448	25,968
Prepayments	<u>56,999</u>	<u>55,782</u>
	<u>1,171,004</u>	<u>1,053,900</u>

ACTION-SEALTITE LIMITED (REGISTERED NUMBER: 01610309)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2012

11 CASH AND CASH EQUIVALENTS

	2012 £	2011 £
Cash in hand	46	58
Bank accounts	<u>5,795</u>	<u>58,533</u>
	<u>5,841</u>	<u>58,591</u>

12 TRADE AND OTHER PAYABLES

	2012 £	2011 £
Current		
Trade creditors	579,055	590,406
Amounts due to related parties	11,269	10,715
Social security and other taxes	88,056	57,598
Other creditors	49,189	91,266
Accrued expenses	<u>242,932</u>	<u>54,928</u>
	<u>970,501</u>	<u>804,913</u>

13 FINANCIAL LIABILITIES - BORROWINGS

	2012 £	2011 £
Current		
Bank overdrafts	65,903	95,185
Finance leases (see note 14)	<u>10,666</u>	<u>10,666</u>
	<u>76,569</u>	<u>105,851</u>
Non-current		
Finance leases (see note 14)	<u>22,443</u>	<u>33,110</u>

Terms and debt repayment schedule

	1 year or less £	1-2 years £	2-5 years £	Totals £
Bank overdrafts	65,903	-	-	65,903
Finance leases	<u>10,666</u>	<u>10,666</u>	<u>11,777</u>	<u>33,109</u>
	<u>76,569</u>	<u>10,666</u>	<u>11,777</u>	<u>99,012</u>

The bank overdraft is repayable on demand and bears interest at commercial bank rates and is secured by a debenture over the assets of the company

ACTION-SEALTITE LIMITED (REGISTERED NUMBER: 01610309)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2012

14 LEASING AGREEMENTS

Minimum lease payments fall due as follows

Finance leases

	2012 £	2011 £
Net obligations repayable		
Within one year	10,666	10,666
Between one and five years	<u>22,443</u>	<u>33,110</u>
	<u>33,109</u>	<u>43,776</u>

Non-cancellable operating leases

	2012 £	2011 £
Within one year	105,759	107,194
Between one and five years	<u>189,391</u>	<u>265,167</u>
	<u>295,150</u>	<u>372,361</u>

15 FINANCIAL INSTRUMENTS

Financial assets - Loans and receivables

	2012 £	2011 £
Trade receivables	1,100,475	1,003,922
Allowance for doubtful debts	(20,819)	(34,174)
Amounts due from related parties	1,901	2,402
Other debtors	<u>32,448</u>	<u>25,968</u>
	<u>1,114,005</u>	<u>998,118</u>

Movement in allowance for doubtful debts

	£	£
Balance at 1 May 2011	34,174	38,016
Amounts written off in year	-	30,442
Amounts recovered in year	<u>(13,355)</u>	<u>(34,284)</u>
Balance at 30 April 2012	<u>20,819</u>	<u>34,174</u>

The average credit period for sales of goods is 60 days. No interest is charged on overdue trade receivables. The company has provided for certain trade receivables estimated irrecoverable amounts determined by reference to specific circumstances and past default experience.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2012

15 FINANCIAL INSTRUMENTS – continued

Financial assets - Loans and receivables - continued

Included in the company's trade receivables are debtors with a carrying amount of £272,216 (2011 £144,757) which are past due at reporting date but for which the company has not provided as there has not been a significant change in the credit quality and the company still believes these amounts to be recoverable. The company does not hold any collateral over these balances. The average age of these receivables is 102 days (2011 81 days).

In determining the recoverability of trade receivables the company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly the directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

Financial liabilities

	2012 £	2011 £
Trade payables	579,055	590,405
Amounts due to related parties	11,269	10,715
Other creditors	49,189	91,266
Bank overdrafts	65,903	95,185
Finance lease	33,109	43,776
	<u>738,525</u>	<u>831,347</u>

The average credit period on purchases of goods is 60 days. No interest is charged on trade payables.

The company and group of which it is a part have policies in place to ensure that trade payables are paid within the credit timeframe.

Forward foreign exchange contracts

The notional principal amounts of the outstanding forward foreign exchange contracts at 30 April 2012 were £125,782 (2011 £111,742). There has been no provision in these financial statements for any financial asset or liability arising on these contracts as the amount involved is considered to be immaterial.

The hedged highly probable forecast transactions denominated in foreign currency are expected to occur at various dates during the next five months. Gains and losses on forward foreign exchange contracts as of 30 April 2012 are recognised in the income statement in the periods during which the hedged forecast transaction affects the income statement. This is generally within 5 months from the end of the reporting period.

Financial risk management

The company's activities expose it to a variety of financial risks. Market risk (including currency risk and interest rate risk), credit risk and liquidity risk. Risk management policy is set by the parent company Board of Directors in conjunction with the company's management and seeks to minimise potential adverse effects on the company's position.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2012

15 FINANCIAL INSTRUMENTS – continued

Liquidity risk

The maturity profile and details of financial liabilities are set out in note 13 to the Financial statements. The company finances its operations partly through these borrowings. The company generally borrows in £ sterling at market rates of interest.

Liquidity risk management includes maintaining sufficient cash and cash equivalents and an adequate amount of committed credit facilities, and management regularly monitors levels of cash, borrowing facilities and expected future cash flows.

Credit risk

Credit risk primarily arises from credit exposures to customers. Risk control assesses the credit quality of customers taking into account financial position, past experience and other factors. Credit limits are regularly reviewed. As set out above, the Directors consider there is no material exposure to credit risk at balance sheet date.

Market risk

The company sells and buys internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro and the US Dollar. The foreign exchange risk arises where assets or liabilities are denominated in a currency that is not the company's functional currency of £ sterling.

The company monitors foreign exchange risk arising on commercial transactions and where appropriate uses forward contracts to hedge the exposure.

At 30 April 2012 if the £ had weakened by 5% against the Euro, with all other variables held constant the pre tax profit would have been approximately £255 lower mainly as a result of foreign exchange losses on Euro denominated receivables and payables.

At 30 April 2012 if the £ had weakened by 5% against the US Dollar, with all other variables held constant the pre tax profit would have been approximately £1,235 lower mainly as a result of foreign exchange losses on US Dollar denominated receivables and payables.

The company does not have any significant interest bearing assets and accordingly the company's income and operating cash flows are substantially independent of changes in market interest rates. The company's interest rate risk arises from the bank overdraft borrowing at variable commercial interest rates. The directors are prepared to accept the level of risk this entails.

The impact on the profit before tax of an increase of 5% points on the average interest rate on the bank overdraft would have reduced pre tax profit by £3,661.

Capital risk management

The group and company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure. Capital structure within the group is monitored by reference to the gearing ratio calculated as net debt divided by total capital. Net debt is calculated as borrowings and trade and other payables less cash and cash equivalents. Total capital is calculated as equity (as shown in the balance sheet) plus net debt. During the year the group's strategy was to maintain a gearing ratio in the range 25% to 50%.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2012

16 CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid Number	Class	Nominal value	2012 £	2011 £
1,000	Ordinary	£1	<u>1,000</u>	<u>1,000</u>

17 RESERVES

	Retained earnings £	Share premium £	Capital contribution £	Totals £
At 1 May 2011	835,331	14,850	150	850,331
Profit for the year	316,588	-	-	316,588
Dividends	<u>(100,000)</u>	<u>-</u>	<u>-</u>	<u>(100,000)</u>
At 30 April 2012	<u>1,051,919</u>	<u>14,850</u>	<u>150</u>	<u>1,066,919</u>
	Retained earnings £	Share premium £	Capital contribution £	Totals £
At 1 May 2010	635,693	14,850	150	650,693
Profit for the year	299,638	-	-	299,638
Dividends	<u>(100,000)</u>	<u>-</u>	<u>-</u>	<u>(100,000)</u>
At 30 April 2011	<u>835,331</u>	<u>14,850</u>	<u>150</u>	<u>850,331</u>

18 ULTIMATE PARENT COMPANY

The company is a subsidiary undertaking of Flowmax Limited, incorporated in England and Wales

The directors regard Flowmax Limited as the immediate parent company, and Flowmax Holdings Limited, a company registered in the British Virgin Isles, as the ultimate parent company

19 CONTINGENT LIABILITIES

The company, its immediate parent and fellow subsidiaries are party to an omnibus guarantee and set-off agreement given to Lloyds TSB Bank plc in respect of group overdraft facilities. The total level of indebtedness at the year end amounted to £nil (2011 £832,756)

The company, its immediate and ultimate parent and fellow subsidiaries are party to an omnibus guarantee given to Sabias Securities UK Limited in respect of group debt facilities. The total level of indebtedness at the year end amounted to £450,000 (2011 £nil)

The company, its immediate and ultimate parent and fellow subsidiaries were party to an omnibus guarantee given to Sabias Investments Limited in respect of group debt facilities. The total level of indebtedness at the year end amounted to £nil (2011 £300,000)

ACTION-SEALTITE LIMITED (REGISTERED NUMBER: 01610309)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2012

20 RELATED PARTY DISCLOSURES

During the year, the company had the following transactions with related parties (all below companies are under common control)

Related party	Type of transaction.	2012 £	2011 £
Alpeco Limited	Sales	1,208	1,213
	Purchases	-	-
Centre Tank Services Limited	Sales	46,622	20,120
	Purchases	15,201	9,692
Industrial Flow Control Limited	Sales	3,830	585
Hytek (UK) Limited	Sales	13,414	12,526
	Purchases	6,949	7,911
Flowmax Limited	Purchases	40,295	36,412
Lantech Solutions Limited	Sales	24,802	5,287
	Purchases	27,607	1,849
Mechtronic Limited	Sales	163	-
Proflow Dynamics Limited	Sales	91	203
	Purchases	3,434	5,459

The balances outstanding at the end of the year were as follows

Centre Tank Services Limited	Amount due to	11,269	10,715
Alpeco Limited	Amount due from	-	966
Hytek (UK) Limited	Amount due from	1,857	-
Lantech Solutions Limited	Amount due from	44	1,436

All transactions with related parties during the year took place in the normal course of business and at arm's length

During the year dividends of £100,000 were paid to related parties as follows

Flowmax Limited	£60,000	(2011 £60,000)
H Robinson	£25,000	(2011 £25,000)
K Davies	£15,000	(2011 £15,000)