REGISTERED NUMBER: 01610309 (England and Wales)

FINANCIAL STATEMENTS

FOR THE PERIOD 1 MAY 2013 TO 31 DECEMBER 2013

FOR

ACTION-SEALTITE LIMITED

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

CONTENTS OF THE FINANCIAL STATEMENTS

FOR THE PERIOD 1 MAY 2013 TO 31 DECEMBER 2013

ACTION-SEALTITE LIMITED

COMPANY INFORMATION

FOR THE PERIOD 1 MAY 2013 TO 31 DECEMBER 2013

DIRECTORS:	H Robinson K Davies G E Nel P Robinson J Brennan
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 Profit or Loss and Other 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 Profit or Loss and Other 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 period ended 31 December 2013 which comprise the Statement of Profit or Loss and Other 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit for the period 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 from the requirement to prepare a Strategic Report or 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: 2nd April 2014

ACTION-SEALTITE LIMITED (REGISTERED NUMBER: 01610309)

STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2013

	Notes	31.12.13 £	30.4.13 £
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	15,356	22,791
Investments	8	200,010	200,010
		215,366	222,801
CURRENT ASSETS			
Inventories	9	909,461	882,942
Trade and other receivables	10	968,633	1,021,919
Cash and cash equivalents	11	56,056	166,034
		1,934,150	2,070,895
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	676,894	877,965
Financial liabilities - borrowings			
Interest bearing loans and borrowings	13	15,332	10,666
Tax payable		52,914	78,911
		745,140	967,542
NET CURRENT ASSETS		1,189,010	1,103,353
NON-CURRENT LIABILITIES			
Financial liabilities - borrowings			
Interest bearing loans and borrowings	13	-	11,777
NET ASSETS		1,404,376	1,314,377
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	1,388,376	1,298,377
TOTAL EQUITY		1,404,376	1,314,377

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

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 24/March/2014 and were signed on its behalf by:

....
H Robinson - Director

....
G E Nel - Director

The notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD 1 MAY 2013 TO 31 DECEMBER 2013

	Called up share capital £	Retained earnings £	Share premium £	Capital contribution £	Total equity £
Balance at 1 May 2012	1,000	1,051,919	14,850	150	1,067,919
Changes in equity					
Dividends	-	(200,000)	-	-	(200,000)
Total comprehensive income	-	446,458	-	-	446,458
Balance at 30 April 2013	1,000	1,298,377	14,850	150	1,314,377
Changes in equity					
Dividends	-	(160,000)	-	-	(160,000)
Total comprehensive income	-	249,999	-	-	249,999
Balance at 31 December 2013	1,000	1,388,376	14,850	150	1,404,376

The notes form part of these financial statements

STATEMENT OF CASH FLOWS

FOR THE PERIOD 1 MAY 2013 TO 31 DECEMBER 2013

	Notes	Period 1.5.13 to 31.12.13 £	Year Ended 30.4.13 £
Cash flows from operating activities			
Cash generated from operations	1	151,910	553,825
Interest paid		(6,056)	(4,213)
Interest element of finance lease payments paid		(1,949)	(1,612)
Tax paid		(96,911)	(110,252)
Net cash from operating activities		46,994	437,748
Cash flows from investing activities			
Purchase of property, plant & equipment		(6,479)	-
Dividends received		15,000	10,000
Net cash from investing activities		8,521	10,000
Cash flows from financing activities			
Capital repayments in period		(7,111)	(10,666)
Movement on group debt		1,618	(10,986)
Equity dividends paid		(160,000)	(200,000)
Net cash from financing activities		(165,493)	(221,652)
(Decrease)/increase in cash and cash equivalents		(109,978)	226,096
Cash and cash equivalents at beginning of period	2	166,034	(60,062)
Cash and cash equivalents at end of period	2	56,056	166,034

The notes form part of these financial statements

NOTES TO THE STATEMENT OF CASH FLOWS

FOR THE PERIOD 1 MAY 2013 TO 31 DECEMBER 2013

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

	Period 1.5.13 to 31.12.13 £	Year Ended 30.4.13 £
Profit before income tax	320,913	595,369
Depreciation charges	13,914	23,075
Finance costs	8,005	5,825
Finance income	(15,000)	(10,000)
	327,832	614,269
Increase in inventories	(26,519)	(127,979)
Decrease in trade and other receivables	51,668	148,802
Decrease in trade and other payables	(201,071)	(81,267)
Cash generated from operations	151,910	553,825

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:

Period ended 31 December 2013

	31.12.13 £	1.5.13 £
Cash and cash equivalents	56,056	166,034

Year ended 30 April 2013

	30.4.13 £	1.5.12 £
Cash and cash equivalents	166,034	5,841
Bank overdrafts	-	(65,903)
	166,034	(60,062)

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 activity of the company in the year under review was that of the distribution and manufacture of industrial hose couplings and ancillary goods.

Implementation of new accounting standards
With effect from 1 May 2013, Action-Sealtite Limited has implemented, where applicable, IAS 19 (revised) - 'Employee benefits', IFRS 13 - Fair Value measurement, an amendment to IFRS 1 'Government loans', an amendment to IFRS 1 - 'Additional exemption for entities ceasing to suffer from severe hyperinflation', an amendment to IAS 1 - 'Amendments to revise the way other comprehensive income is presented', amendments to IFRS 7 - Amendments enhancing disclosures about offsetting of financial assets and financial liabilities' and IFRIC 20 - 'Stripping costs in the production phase of a surface mine'. In addition in May 2012 the IASB issued 'Improvements to International Financial Reporting Standards 2009-2011' making amendments to various IFRS and IAS which have been applied in these financial statements. 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:

IAS 27 (revised) - Separate Financial Statements
IAS 28 (revised) - Investments in Associates and Joint Ventures
IFRS 10 Consolidated Financial Statements
IFRS 11 Joint Arrangements
IFRS 12 Disclosure of Interests in Other Entities
Amendments to IFRS 10, IFRS 11 and IFRS 12 - Transition guidance
Amendments to IFRS 10, IFRS 12 and IAS 27 - Investment Entities
Amendments to IAS 32 - Amendments to application guidance on the offsetting of financial assets and financial liabilities
Amendments to IAS 36 - Recoverable amount disclosures for non-financial assets
Amendments to IAS 39 - Novation of derivatives and continuation of hedge accounting

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

IFRS 9 Financial Instruments
Amendments to IFRS 7 - Amendments requiring disclosures about the initial application of IFRS 9
IFRIC 21 - Levies
Amendments to IAS 19 - Defined benefit plans: Employee contributions
Annual Improvements to International Financial Reporting Standards 2010-2012 Cycle
Annual Improvements to International Financial Reporting Standards 2011-2013 Cycle

continued...

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.

Preparation of 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 398 of the Companies Act 2006 from the requirements to prepare consolidated financial statements.

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
Plant & machinery	- 20% 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 statement of financial position (balance sheet) when the company has become a party to the contractual provisions of the instrument.

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.

continued...

1. ACCOUNTING POLICIES - continued

Financial assets - continued
Financial assets are assessed for impairment at each statement of financial position date and any impairment recognised in the profit or loss for the year in the statement of comprehensive income. 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 for the year in the statement of comprehensive income.

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 lower of average cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost includes all direct expenditure and, where applicable, an appropriate proportion of fixed and variable overheads.

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 statement of financial position date.

Foreign currencies
Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position 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 statement of financial position. 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.

The interest element of these obligations is charged to the statement of comprehensive income 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 statement of comprehensive income on a straight line basis over the period of the lease.

continued...

1. **ACCOUNTING POLICIES - continued**

Employee benefit costs
Contributions in respect of the company's pension scheme are charged to the statement of comprehensive income for the year in which they are payable to the scheme.

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.

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.

Financial reporting framework
These financial statements are made up for an eight month period to 31 December 2013, the accounting period having been shortened to coincide with other group companies. The comparative figures for the year ended 30 April 2013 are therefore not strictly comparable in this case.

2. **EMPLOYEES AND DIRECTORS**

	Period 1.5.13 to 31.12.13 £	Year Ended 30.4.13 £
Wages and salaries	452,111	617,054
Social security costs	43,576	71,016
Other pension costs	18,150	27,631
	513,837	715,701

	Period 1.5.13 to 31.12.13 £	Year Ended 30.4.13 £
Directors' remuneration	160,797	197,871
Directors' pension contributions to money purchase schemes	8,323	15,481

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

Money purchase schemes	4	4

continued...

3. NET FINANCE INCOME

	Period 1.5.13 to 31.12.13 £	Year Ended 30.4.13 £
Finance income:		
Shares in group undertakings	15,000	10,000
Finance costs:		
Bank interest	6,056	4,213
Leasing charges	1,949	1,612
	8,005	5,825
Net finance income	6,995	4,175

4. PROFIT BEFORE INCOME TAX

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

	Period 1.5.13 to 31.12.13 £	Year Ended 30.4.13 £
Cost of inventories recognised as expense	2,270,737	3,697,263
Other operating leases	21,143	27,015
Depreciation - owned assets	5,137	9,909
Depreciation - assets on finance leases	8,777	13,166
Auditors' remuneration	6,500	7,750
Foreign exchange losses/(profit)	8,789	(1,384)
Cost of inventories written off in the year	46,157	3,939

continued...

5. INCOME TAX

Analysis of tax expense

	Period 1.5.13 to 31.12.13 £	Year Ended 30.4.13 £
Current tax:		
Taxation	70,914	148,911
Total tax expense in statement of comprehensive income	70,914	148,911

Factors affecting the tax expense

The tax assessed for the period is lower (30 April 2013 - higher) than the standard rate of corporation tax in the UK. The difference is explained below:

	Period 1.5.13 to 31.12.13 £	Year Ended 30.4.13 £
Profit on ordinary activities before income tax	320,913	595,369
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23% (30 April 2013 - 24%)	73,810	142,889
Effects of:		
Capital allowances in excess of depreciation	2,047	3,693
Disallowable costs	526	8,400
Finance lease adjustment	(2,019)	(3,160)
Exempt dividend income	(3,450)	(2,400)
Rate adjustment	-	(511)
Tax expense	70,914	148,911

6. DIVIDENDS

	Period 1.5.13 to 31.12.13 £	Year Ended 30.4.13 £
Interim	160,000	200,000

Dividends of £160 per share (30 April 2013: £200) were paid during the year.

continued...

7. PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST					
At 1 May 2013	-	13,043	52,663	29,201	94,907
Additions	4,805	-	-	1,674	6,479
At 31 December 2013	4,805	13,043	52,663	30,875	101,386
DEPRECIATION					
At 1 May 2013	-	11,163	37,303	23,650	72,116
Charge for period	641	517	8,777	3,979	13,914
At 31 December 2013	641	11,680	46,080	27,629	86,030
CARRYING AMOUNT					
At 31 December 2013	4,164	1,363	6,583	3,246	15,356

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST				
At 1 May 2012 and 30 April 2013	13,043	52,663	29,201	94,907
DEPRECIATION				
At 1 May 2012	8,554	24,137	16,350	49,041
Charge for year	2,609	13,166	7,300	23,075
At 30 April 2013	11,163	37,303	23,650	72,116
CARRYING AMOUNT				
At 30 April 2013	1,880	15,360	5,551	22,791

The carrying amount of Motor vehicles includes £6,583 (30 April 2013 - £15,360) 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 2013 and 31 December 2013	200,010
CARRYING AMOUNT	
At 31 December 2013	200,010

continued...

8. **INVESTMENTS - continued**

	Shares in group undertakings £
COST	
At 1 May 2012 and 30 April 2013	200,010
CARRYING AMOUNT	
At 30 April 2013	200,010

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
Ordinary	100.00

	31.12.13 £	30.4.13 £
Aggregate capital and reserves	10	10

Lantech Solutions Limited
Nature of business: Supply of flexible hoses and couplings

Class of shares:	% holding
Ordinary	50.00

	31.12.13 £	30.4.13 £
Aggregate capital and reserves	121,368	109,915
Profit for the period/year	41,453	39,885

9. **INVENTORIES**

	31.12.13 £	30.4.13 £
Inventories	909,461	882,942

Inventories above include a provision of £90,000 (30 April 2013: £69,108) for slow moving and obsolete stock.

continued...

10. TRADE AND OTHER RECEIVABLES

	31.12.13	30.4.13
	£	£
Current:		
Trade debtors	940,406	955,721
Amounts due from related parties	-	1,618
Prepayments	28,227	64,580
	968,633	1,021,919

11. CASH AND CASH EQUIVALENTS

	31.12.13	30.4.13
	£	£
Cash in hand	64	81
Bank accounts	55,992	165,953
	56,056	166,034

12. TRADE AND OTHER PAYABLES

	31.12.13	30.4.13
	£	£
Current:		
Trade creditors	221,826	581,772
Social security and other taxes	25,179	7,385
Other creditors	35,373	15,940
Accrued expenses	394,516	272,868
	676,894	877,965

13. FINANCIAL LIABILITIES - BORROWINGS

	31.12.13	30.4.13
	£	£
Current:		
Finance leases (see note 14)	15,332	10,666
Non-current:		
Finance leases (see note 14)	-	11,777

Terms and debt repayment schedule

	1 year or less
	£
Finance leases	15,332

continued...

14. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Finance leases	
	31.12.13	30.4.13
	£	£
Net obligations repayable:		
Within one year	15,332	10,666
Between one and five years	-	11,777
	15,332	22,443

Non-cancellable operating leases

	31.12.13	30.4.13
	£	£
Within one year	94,265	96,990
Between one and five years	112,500	95,833
In more than five years	13,000	-
	219,765	192,823

15. FINANCIAL INSTRUMENTS

Financial assets - Loans and receivables

	31.12.13	30.4.13
	£	£
Trade receivables	944,300	991,540
Allowance for doubtful debts	(3,894)	(35,819)
Amounts due from related parties	-	1,618
	940,406	957,339

Movement in allowance for doubtful debts:

	31.12.13	30.4.13
	£	£
Balance at 1 May 2013	35,819	20,819
Amounts written off in year	(16,320)	-
Amounts recovered in year	(19,499)	-
Charge to income statement	3,894	15,000
Balance at 31 December 2013	3,894	35,819

continued...

15. **FINANCIAL INSTRUMENTS - continued**

Financial assets - Loans and receivables - continued

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.

Included in the company's trade receivables are debtors with a carrying amount of £264,306 (30 April 2013: £261,664) 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 81 days (30 April 2013: 99 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

	31.12.13	30.4.13
	£	£
Trade payables	221,826	581,772
Other creditors	35,373	15,940
Other payables	184,912	136,339
Finance lease	15,332	22,443
	457,443	756,494

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 31 December 2013 were £52,590 (30 April 2013: £119,214). 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 three months. Gains and losses on forward foreign exchange contracts as of 31 December 2013 are recognised in the income statement in the periods during which the hedged forecast transaction affects the income statement. This is generally within 3 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.

continued...

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 monitor 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 31 December 2013 if the £ had weakened by 5% against the Euro, with all other variables held constant the pre-tax profit would have been approximately £6,579 lower (30 April 2013: £3,649 lower) mainly as a result of foreign exchange losses on Euro denominated receivables and payables.

At 31 December 2013 if the £ had weakened by 5% against the US Dollar, with all other variables held constant the pre-tax profit would have been approximately £1,457 higher (30 April 2013: £1,095 lower) mainly as a result of foreign exchange profit 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 £3,785 (30 April 2013: £2,633).

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%.

continued...

20. CAPITAL COMMITMENTS

	31.12.13	30.4.13
	£	£
Contracted but not provided for in the financial statements	9,000	-

21. 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:**	**31.12.13**	**30.4.13**
		£	£
Alpeco Limited	Sales	614	662
	Purchases	35	58
Bell Flow Systems Limited	Sales	206	259
Centre Tank Services Limited	Sales	12,355	10,125
	Purchases	8,014	8,612
Industrial Flow Control Limited	Purchases	505	5,722
Hytek (UK) Limited	Sales	5,994	8,684
	Purchases	7,235	6,193
Flowmax Limited	Purchases	51,867	58,139
Lantech Solutions Limited	Sales	28,473	48,232
	Purchases	12,576	19,163
Mechtronic Limited	Sales	39	1,555

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

Centre Tank Services Limited	Amount due from	-	606
Lantech Solutions Limited	Amount due from	-	1,012

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

During the period dividends of £160,000 were paid to related parties as follows:

Flowmax Limited	£120,000	(30.4.13: £120,000)
H Robinson	£40,000	(30.4.13: £50,000)
K Davies	£ -	(30.4.13: £30,000)

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