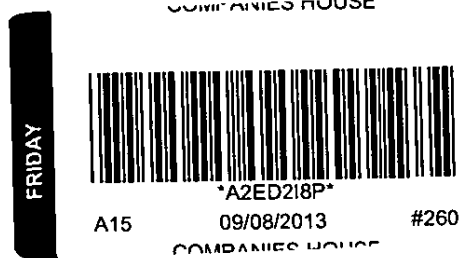


REGISTERED NUMBER: 01610309 (England and Wales)

FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 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 YEAR ENDED 30 APRIL 2013**

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**ACTION-SEALTITE LIMITED**  
**COMPANY INFORMATION**  
**FOR THE YEAR ENDED 30 APRIL 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 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 2013 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 a Report of the Auditors 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 2013 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

*7th AUGUST 2013*

**ACTION-SEALTITE LIMITED (REGISTERED NUMBER: 01610309)**

**STATEMENT OF FINANCIAL POSITION**

**30 APRIL 2013**

	Notes	2013 £	2012 £
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	22,791	45,866
Investments	8	<u>200,010</u>	<u>200,010</u>
		<u>222,801</u>	<u>245,876</u>
<b>CURRENT ASSETS</b>			
Inventories	9	882,942	754,963
Trade and other receivables	10	1,021,919	1,171,004
Cash and cash equivalents	11	<u>166,034</u>	<u>5,841</u>
		<u>2,070,895</u>	<u>1,931,808</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	877,965	970,501
Financial liabilities - borrowings			
Bank overdrafts	13	-	65,903
Interest bearing loans and borrowings	13	10,666	10,666
Tax payable		<u>78,911</u>	<u>40,252</u>
		<u>967,542</u>	<u>1,087,322</u>
<b>NET CURRENT ASSETS</b>		<u>1,103,353</u>	<u>844,486</u>
<b>NON-CURRENT LIABILITIES</b>			
Financial liabilities - borrowings			
Interest bearing loans and borrowings	13	<u>11,777</u>	<u>22,443</u>
<b>NET ASSETS</b>		<u>1,314,377</u>	<u>1,067,919</u>
<b>SHAREHOLDERS' EQUITY</b>			
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>1,298,377</u>	<u>1,051,919</u>
<b>TOTAL EQUITY</b>		<u>1,314,377</u>	<u>1,067,919</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

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 notes form part of these financial statements

ACTION-SEALTITE LIMITED (REGISTERED NUMBER: 01610309)

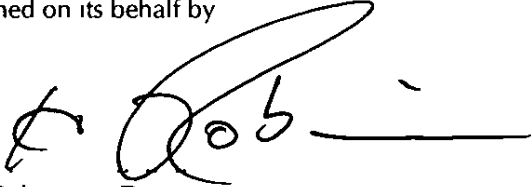
STATEMENT OF FINANCIAL POSITION - continued

30 APRIL 2013

The financial statements were approved by the Board of Directors on  
signed on its behalf by

30/7/2013

and were

A handwritten signature in black ink, appearing to read 'H Robinson', with a horizontal line extending to the right.

H Robinson - Director

A handwritten signature in black ink, appearing to read 'G E Nel', with a diagonal line extending downwards and to the right.

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 2013**

	Called up share capital £	Retained earnings £	Share premium £	Capital contribution £	Total equity £
<b>Balance at 1 May 2011</b>	1,000	835,331	14,850	150	851,331
<b>Changes in equity</b>					
Dividends	-	(100,000)	-	-	(100,000)
Total comprehensive income	-	316,588	-	-	316,588
<b>Balance at 30 April 2012</b>	<u>1,000</u>	<u>1,051,919</u>	<u>14,850</u>	<u>150</u>	<u>1,067,919</u>
<b>Changes in equity</b>					
Dividends	-	(200,000)	-	-	(200,000)
Total comprehensive income	-	446,458	-	-	446,458
<b>Balance at 30 April 2013</b>	<u>1,000</u>	<u>1,298,377</u>	<u>14,850</u>	<u>150</u>	<u>1,314,377</u>

The notes form part of these financial statements



**ACTION-SEALTITE LIMITED (REGISTERED NUMBER: 01610309)**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 30 APRIL 2013**

		2013 £	2012 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	553,825	202,260
Interest paid		(4,213)	(5,858)
Interest element of finance lease payments paid		(1,612)	(1,612)
Tax paid		<u>(110,252)</u>	<u>(115,006)</u>
Net cash from operating activities		<u>437,748</u>	<u>79,784</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant & equipment		-	<u>(1,640)</u>
Net cash from investing activities		-	<u>(1,640)</u>
<b>Cash flows from financing activities</b>			
Capital repayments in year		(10,666)	(10,667)
Movement on group debt		(10,986)	1,055
Equity dividends paid		(200,000)	(100,000)
Dividends received		<u>10,000</u>	<u>8,000</u>
Net cash from financing activities		<u>(211,652)</u>	<u>(101,612)</u>
<b>Increase/(decrease) in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of year	2	<u>(60,062)</u>	<u>(36,594)</u>
Cash and cash equivalents at end of year	2	<u>166,034</u>	<u>(60,062)</u>

The notes form part of these financial statements

**NOTES TO THE STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 30 APRIL 2013**

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

	2013 £	2012 £
Profit before income tax	595,369	426,840
Depreciation charges	23,075	28,318
Finance costs	5,825	7,470
Finance income	<u>(10,000)</u>	<u>(8,000)</u>
	614,269	454,628
Increase in inventories	(127,979)	(299,796)
Decrease/(increase) in trade and other receivables	148,802	(117,605)
(Decrease)/increase in trade and other payables	<u>(81,267)</u>	<u>165,033</u>
<b>Cash generated from operations</b>	<b><u>553,825</u></b>	<b><u>202,260</u></b>

**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 2013**

	30 4 13 £	1 5 12 £
Cash and cash equivalents	166,034	5,841
Bank overdrafts	<u>-</u>	<u>(65,903)</u>
	<b><u>166,034</u></b>	<b><u>(60,062)</u></b>

**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>
	<b><u>(60,062)</u></b>	<b><u>(36,594)</u></b>

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 APRIL 2013**

**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 2012, Action-Sealtite Limited has implemented an amendment to IFRS 1 'Replacement of 'fixed dates' for certain exceptions with 'the date of transition to IFRSs', an amendment to IFRS 1 - 'Additional exemption for entities ceasing to suffer from severe hyperinflation', an amendment to IFRS 7 'Amendments enhancing disclosures about transfers of financial assets' and an amendment to IAS 12 'Deferred tax recovery of underlying assets'. 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 19 (revised) - Employee benefits  
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  
IFRS 13 Fair Value Measurement  
Amendments to IAS 1 - Amendments to revise the way other comprehensive income is presented  
Amendments to IAS 32 - Amendments to application guidance on the offsetting of financial assets and financial liabilities  
Amendments to IFRS 1 - Government loans  
Amendments to IFRS 7 - Amendments enhancing disclosures about offsetting of financial assets and financial liabilities  
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 are not yet effective and have not been applied in these financial statements.

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  
Amendments to IFRS 10, IFRS 12 and IAS 27 - Investment Entities

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**FOR THE YEAR ENDED 30 APRIL 2013**

**1 ACCOUNTING POLICIES - continued**

**Basis of preparation**

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 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 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

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**FOR THE YEAR ENDED 30 APRIL 2013**

**1 ACCOUNTING POLICIES - continued**

**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 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 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 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.

**NOTES TO THE FINANCIAL STATEMENTS – continued**

**FOR THE YEAR ENDED 30 APRIL 2013**

**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

**2 EMPLOYEES AND DIRECTORS**

	2013 £	2012 £
Wages and salaries	617,054	621,584
Social security costs	71,016	65,554
Other pension costs	<u>27,631</u>	<u>26,586</u>
	<u>715,701</u>	<u>713,724</u>
	2013 £	2012 £
Directors' remuneration	197,871	125,782
Directors' pension contributions to money purchase schemes	<u>15,481</u>	<u>12,600</u>

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

Money purchase schemes	<u>4</u>	<u>2</u>
------------------------	----------	----------

**ACTION-SEALTITE LIMITED (REGISTERED NUMBER: 01610309)**

**NOTES TO THE FINANCIAL STATEMENTS – continued**

**FOR THE YEAR ENDED 30 APRIL 2013**

**3 NET FINANCE INCOME**

	2013 £	2012 £
Finance income		
Shares in group undertakings	<u>10,000</u>	<u>8,000</u>
Finance costs		
Bank interest	4,213	5,858
Leasing charges	<u>1,612</u>	<u>1,612</u>
	<u>5,825</u>	<u>7,470</u>
Net finance income	<u>4,175</u>	<u>530</u>

**4 PROFIT BEFORE INCOME TAX**

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

	2013 £	2012 £
Cost of inventories recognised as expense	3,697,263	3,042,510
Other operating leases	27,015	29,568
Depreciation - owned assets	9,909	15,153
Depreciation - assets on finance leases	13,166	13,166
Auditors' remuneration	7,750	7,500
Foreign exchange losses/(profit)	(1,384)	412
Cost of inventories written off in the year	<u>69,108</u>	<u>64,043</u>

**5. INCOME TAX**

**Analysis of tax expense**

	2013 £	2012 £
Current tax		
Taxation	<u>148,911</u>	<u>110,252</u>
Total tax expense in statement of comprehensive income	<u>148,911</u>	<u>110,252</u>

**ACTION-SEALTITE LIMITED (REGISTERED NUMBER: 01610309)**

**NOTES TO THE FINANCIAL STATEMENTS – continued**

**FOR THE YEAR ENDED 30 APRIL 2013**

**5 INCOME TAX - continued**

**Factors affecting the tax expense**

The tax assessed for the year is higher (2012 - lower) than the standard rate of corporation tax in the UK  
The difference is explained below

	2013 £	2012 £
Profit on ordinary activities before income tax	<u>595,369</u>	<u>426,840</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24% (2012 - 26%)	142,889	110,978
Effects of Capital allowances in excess of depreciation	3,693	4,192
Disallowable costs	8,400	1,287
Finance lease adjustment	(3,160)	(3,423)
Exempt dividend income	(2,400)	(2,080)
Rate adjustment	<u>(511)</u>	<u>(702)</u>
Tax expense	<u>148,911</u>	<u>110,252</u>

**6 DIVIDENDS**

	2013 £	2012 £
Interim	<u>200,000</u>	<u>100,000</u>

Dividends of £200 per share (2012 £100) were paid during the year

**7 PROPERTY, PLANT AND EQUIPMENT**

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



**ACTION-SEALTITE LIMITED (REGISTERED NUMBER: 01610309)**

**NOTES TO THE FINANCIAL STATEMENTS – continued**

**FOR THE YEAR ENDED 30 APRIL 2013**

**7 PROPERTY, PLANT AND EQUIPMENT - continued**

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
<b>COST</b>				
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>
<b>DEPRECIATION</b>				
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>
<b>CARRYING AMOUNT</b>				
At 30 April 2012	<u>4,489</u>	<u>28,526</u>	<u>12,851</u>	<u>45,866</u>

The carrying amount of Motor vehicles includes £15,360 (2012 - £28,526) 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 £
<b>COST</b>	
At 1 May 2012 and 30 April 2013	<u>200,010</u>
<b>CARRYING AMOUNT</b>	
At 30 April 2013	<u>200,010</u>
	Shares in group undertakings £
<b>COST</b>	
At 1 May 2011 and 30 April 2012	<u>200,010</u>
<b>CARRYING AMOUNT</b>	
At 30 April 2012	<u>200,010</u>

**NOTES TO THE FINANCIAL STATEMENTS – continued**

**FOR THE YEAR ENDED 30 APRIL 2013**

**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	2013 £	2012 £
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	2013 £	2012 £
Ordinary	50 00		
Aggregate capital and reserves		109,915	90,030
Profit for the year		<u>39,885</u>	<u>34,590</u>

**9 INVENTORIES**

	2013 £	2012 £
Inventories	<u>882,942</u>	<u>754,963</u>

Inventories above include a provision of £69,108 (2012 £64,043) for slow moving and obsolete stock

**10 TRADE AND OTHER RECEIVABLES**

	2013 £	2012 £
Current		
Trade debtors	955,721	1,079,656
Amounts due from related parties	1,618	1,901
Other debtors	-	32,448
Prepayments	<u>64,580</u>	<u>56,999</u>
	<u>1,021,919</u>	<u>1,171,004</u>

**ACTION-SEALTITE LIMITED (REGISTERED NUMBER: 01610309)**

**NOTES TO THE FINANCIAL STATEMENTS – continued**

**FOR THE YEAR ENDED 30 APRIL 2013**

**11 CASH AND CASH EQUIVALENTS**

	2013 £	2012 £
Cash in hand	81	46
Bank accounts	<u>165,953</u>	<u>5,795</u>
	<u>166,034</u>	<u>5,841</u>

**12 TRADE AND OTHER PAYABLES**

	2013 £	2012 £
Current		
Trade creditors	581,772	579,055
Amounts due to related parties	-	11,269
Social security and other taxes	7,385	88,056
Other creditors	15,940	49,189
Accrued expenses	<u>272,868</u>	<u>242,932</u>
	<u>877,965</u>	<u>970,501</u>

**13 FINANCIAL LIABILITIES - BORROWINGS**

	2013 £	2012 £
Current		
Bank overdrafts	-	65,903
Finance leases (see note 14)	<u>10,666</u>	<u>10,666</u>
	<u>10,666</u>	<u>76,569</u>

Non-current		
Finance leases (see note 14)	<u>11,777</u>	<u>22,443</u>

Terms and debt repayment schedule

	1 year or less £	1-2 years £	Totals £
Finance leases	<u>10,666</u>	<u>11,777</u>	<u>22,443</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 2013**

**14 LEASING AGREEMENTS**

Minimum lease payments fall due as follows

	Finance leases	
	2013	2012
	£	£
Net obligations repayable		
Within one year	10,666	10,666
Between one and five years	<u>11,777</u>	<u>22,443</u>
	<u>22,443</u>	<u>33,109</u>

**Non-cancellable operating leases**

	2013	2012
	£	£
Within one year	96,990	105,759
Between one and five years	<u>95,833</u>	<u>189,391</u>
	<u>192,823</u>	<u>295,150</u>

**15 FINANCIAL INSTRUMENTS**

**Financial assets - Loans and receivables**

	2013	2012
	£	£
Trade receivables	991,540	1,100,475
Allowance for doubtful debts	(35,819)	(20,819)
Amounts due from related parties	1,618	1,901
Other debtors	-	32,448
	<u>957,339</u>	<u>1,114,005</u>

**Movement in allowance for doubtful debts**

	£	£
Balance at 1 May 2012	20,819	34,174
Amounts written off in year	15,000	-
Amounts recovered in year	-	(13,355)
	<u>35,819</u>	<u>20,819</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**FOR THE YEAR ENDED 30 APRIL 2013**

**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 £261,664 (2012 £272,216) 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 99 days (2012 102 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**

	2013	2012
	£	£
Trade payables	581,772	579,055
Amounts due to related parties	-	11,269
Other creditors	15,940	49,189
Bank overdrafts	-	65,903
Finance lease	22,443	33,109
	<u>620,155</u>	<u>738,525</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 2013 were £119,214 (2012 £125,782). 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 30 April 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.

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**FOR THE YEAR ENDED 30 APRIL 2013**

**15 FINANCIAL INSTRUMENTS - continued**

**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.

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

At 30 April 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 £1,095 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 £2,633.

**NOTES TO THE FINANCIAL STATEMENTS – continued**

**FOR THE YEAR ENDED 30 APRIL 2013**

**15 FINANCIAL INSTRUMENTS - continued**

**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%.

**16. CALLED UP SHARE CAPITAL**

Authorised, allotted, issued and fully paid

Number	Class	Nominal value	2013 £	2012 £
1,000	Ordinary	£1	<u>1,000</u>	<u>1,000</u>

**17 RESERVES**

	Retained earnings £	Share premium £	Capital contribution £	Totals £
At 1 May 2012	1,051,919	14,850	150	1,066,919
Profit for the year	446,458	-	-	446,458
Dividends	(200,000)	-	-	(200,000)
At 30 April 2013	<u>1,298,377</u>	<u>14,850</u>	<u>150</u>	<u>1,313,377</u>
	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	(100,000)	-	-	(100,000)
At 30 April 2012	<u>1,051,919</u>	<u>14,850</u>	<u>150</u>	<u>1,066,919</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 SA Bias Industries (Pty) Limited, a company registered in South Africa, as the ultimate parent company.

**NOTES TO THE FINANCIAL STATEMENTS – continued**

**FOR THE YEAR ENDED 30 APRIL 2013**

**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 (2012: £nil)

The company, its immediate parent and fellow subsidiaries are party to an omnibus guarantee given to Sabias Securities UK Limited, a fellow group member incorporated in the British Virgin Islands, in respect of group debt facilities. The total level of indebtedness at the year end amounted to £1,218,152 (2012: £450,000)

**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	2013 £	2012 £
Alpeco Limited	Sales	662	1,208
	Purchases	58	-
Bell Flow Systems Limited	Sales	259	-
	Purchases	-	-
Centre Tank Services Limited	Sales	10,125	46,622
	Purchases	8,612	15,201
Industrial Flow Control Limited	Purchases	5,722	3,830
	Sales	8,684	13,414
Hytek (UK) Limited	Purchases	6,193	6,949
	Purchases	58,139	40,295
Flowmax Limited	Sales	48,232	24,802
	Purchases	19,163	27,607
Lantech Solutions Limited	Sales	-	-
	Purchases	1,555	163
Mechtronic Limited	Sales	-	-

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

Centre Tank Services Limited	Amount due to	-	11,269
	Amount due from	606	-
Hytek (UK) Limited	Amount due from	-	1,857
Lantech Solutions Limited	Amount due from	1,012	44

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 £200,000 were paid to related parties as follows

Flowmax Limited	£120,000	(2012: £60,000)
H Robinson	£50,000	(2012: £25,000)
K Davies	£30,000	(2012: £15,000)