

Registered Number 2101607

AESSEAL plc
Annual Report
for the year ended 31 December 2011

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AESSEAL plc

Annual Report

for the year ended 31 December 2011

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AESSEAL plc

Directors and advisers

Directors

C J Rea OBE DL

R Rea

M O Williams

J Wilkinson

R S Cook

S M Shaw

T R Pickles

J H Stewart

G W Bridge

I G Wallace

G Bingham

Company secretary

G W Bridge

Registered office

Global Technology Centre

Mill Close

Bradmarsh Business Park

Rotherham

S60 1BZ

Independent auditors

PricewaterhouseCoopers LLP

1 East Parade

Sheffield

S1 2ET

Bankers

HSBC Bank plc

PO Box 50

Unit 4, Europa Court

Sheffield Business Park

Sheffield

S9 1XE

AESSEAL plc

Directors' report for the year ended 31 December 2011

The directors present their report and the audited financial statements of the company for the year ended 31 December 2011

Principal activity

The company's principal activity during the year was the design, development, manufacture, sale and support of mechanical seals, engineered sealing systems and related products

Review of business and future developments

The year ending 31 December 2011 is yet another year of significant sales growth and profitability. Turnover increased 14% to £42.0m (2010 22% growth from £30.3m to £37.0m) and operating profit rose 41% (2010 135% increase from £2.3m to £5.4m)

The sales growth in 2011 is a result of continued customer service, building on strong relationships to anticipate customer needs, and having designed innovative products. The mix of sales is heavily towards the aftermarket business, which proves to be a successful formula, whilst the Original Equipment Manufacturer (OEM) sales have remained constant.

Margins continue to improve with operating margin increasing from 14.5% to 18.2% primarily due to ongoing cost control measures and efficiency savings.

The UK mechanical seal business grew sales again by 2% in a difficult market where AES are the market leader. In November 2010 AESSEAL plc acquired the pump repair business AES Pump which has successfully complemented the seal business in the UK.

International business remains challenging but AESSEAL sister companies around the world helped us secure an excellent result for 2011, particularly strong performers being USA, South Africa, Malaysia and Central and Southern Europe. The start of 2012 has also been encouraging.

Strong cash generation through close monitoring of working capital has allowed re-investment through organic growth drives such as product development. The Company's net assets have also increased from £10.1m to £14.9m, a 47.5% increase on a strong increase of 47.8% in 2010.

To sustain the growth in a technology advanced business, innovation and new product development is fundamental and at the forefront of the Company's focus. Having spent 7.4% of sales (2010 7.5%) on research and development activities AESSEAL has a range of Compressor Dry Gas Seals and Pump Gas Seals, developed to operate the most challenging of duties with high pressure, speeds and large diameters. In addition AESSEAL offer a refurbishment program for our own and competitors' Gas Seals.

In addition to the Gas Seals, AESSEAL have designed an innovative API range offering a full range of seals and systems for hydrocarbon duties designed for the oil and gas market.

AESSEAL plc

Directors' report for the year ended 31 December 2011 - continued

Principal risks and KPI's

The Directors of AES Engineering Limited, the ultimate Parent Company, manage the group's risks and operations at a group level, rather than at an individual business unit level. For this reason, the company's directors believe that discussion of the group's risks and analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the company's business. The principal risks and uncertainties of the group, including credit, liquidity and cash flow risk of the company, and the development, performance and position of the company are discussed in the Director's report of AES Engineering Limited's Annual Report which does not form part of this report.

Results and dividends

The profit and loss account for the year is set out on page 8. A dividend of £1,000,000 (£20 per share) was paid on 10 May 2011 (2010: £1,000,000 (£20 per share) paid on 15 May 2010).

Directors

The Directors who held office during the year and up to the date of signing are given below:

C J Rea OBE DL

R Rea

M O Williams

J Wilkinson

R S Cook

S M Shaw

T R Pickles

J H Stewart

I G Wallace

G W Bridge

G Bingham (appointed 23 May 2011)

Directors' Indemnities

The Group maintains liability insurance for its directors and officers. The Group has also provided an indemnity for its directors and the company secretary during the financial year and at the date of this report, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006.

Charitable donations

The Company gave £23,843 (2010: £22,195) for charitable purposes in the year. No political donations were made during the year.

AESSEAL plc

Directors' report for the year ended 31 December 2011 - continued

Policy and practice on payment of creditors

It is company policy to follow a standard payment practice. The terms of the payment practice can be obtained from the company's registered address as set out on page 1.

Terms of payment are agreed with suppliers, in line with the standard payment practice, and are adhered to.

The average number of creditor days at the year-end was 44 days (2010: 42 days).

Employees

Communication is crucial to helping employees engage with the business. We communicate through team briefings, presentations, intranet and newsletters. The Company has well-established forums for exchanging information and best practice, as well as discussing business issues and including efficiency initiatives, training and development and environment and health and safety issues. All employees contribute to and understand the Company's business culture - particularly the needs of the customers it serves. The Company has an employee survey annually with a high participation rate. Results are measured and action plans are created to address the most significant issues.

The Company is committed to promoting policies which are designed to ensure that employees and those who seek to work for the Company are treated equally regardless of sex, marital status, sexual orientation, creed, colour, race or ethnic origin.

The Company gives full and fair consideration to applications for employment by people who are disabled, to continue wherever possible the development of staff who become disabled and to provide equal opportunities for the career development of disabled employees.

The Company recognises that training for all levels of staff is vital to performance and it also provides a mechanism for increasing morale and improving staff retention. This ensures that knowledge of the Group's product offering is not lost, thereby enhancing customer service. All employees are provided with regular training on behavioural standards, whilst succession planning, including the deployment of an effective apprenticeship scheme, will contribute to future business sustainability.

AESSEAL plc

Directors' report for the year ended 31 December 2011 - continued

Statement of directors' responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the company for that period. In preparing these financial statements, the Directors are required to

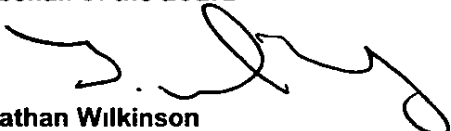
- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

So far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware. Relevant information is defined as information needed by the Company's auditors in connection with preparing their report. Each Director has taken all the steps that ought to be taken to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

On behalf of the Board



Jonathan Wilkinson

Director

10 May 2012

AESSEAL plc

Independent auditors' report to the members of AESSEAL plc

We have audited the financial statements of AESSEAL plc for the year ended 31 December 2011 which comprise the profit and loss account, the balance sheet, the statement of accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities set out on page 5 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.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 directors' report and financial statements 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 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

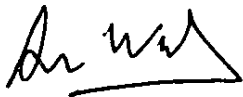
AESSEAL plc

Independent auditors' report to the members of AESSEAL plc - continued

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Andrew Ward (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Sheffield
10 May 2012

AESSEAL plc

Profit and loss account for the year ended 31 December 2011

	Note	2011 £'000	2010 £'000
Turnover	1	41,995	37,029
Change in stocks of finished goods		308	(976)
		42,303	36,053
Raw materials and consumables		(15,788)	(13,046)
Staff costs	2	(12,246)	(11,075)
Depreciation and amortisation		(1,884)	(1,862)
Other operating charges		(4,752)	(4,711)
		(34,670)	(30,694)
Operating profit	3	7,633	5,359
Net interest payable and similar charges	4	(279)	(324)
Profit on ordinary activities before taxation		7,354	5,035
Tax on profit on ordinary activities	6	(1,676)	(1,022)
Profit for the financial year	18	5,678	4,013

All items dealt with in arriving at operating profit above relate to continuing operations

The company has no recognised gains and losses other than the profits above and therefore no separate statement of total recognised gains and losses has been presented

There is no difference between the profit on ordinary activities before taxation and the retained profit for the financial year stated above and their historical cost equivalents

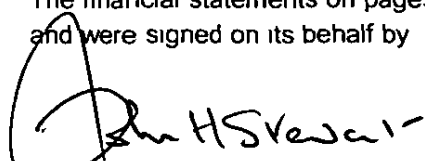
AESSEAL plc

Balance sheet as at 31 December 2011

Registered number 2101607

	Note	2011 £'000	2010 £'000
Fixed assets			
Intangible assets	8	1,140	1,051
Investments	9	1,896	1,896
Tangible assets	10	5,564	5,975
		8,600	8,922
Current assets			
Stock	11	8,231	7,376
Debtors	12	8,479	7,584
Cash at bank and in hand		790	264
		17,500	15,224
Creditors, amounts falling due within one year	13	(7,275)	(5,619)
Net current assets		10,225	9,605
Total assets less current liabilities		18,825	18,527
Creditors amounts falling due after more than one year	14	(3,744)	(8,070)
Deferred tax	16	(171)	(325)
Net assets		14,910	10,132
Capital and reserves			
Called up share capital	17	50	50
Profit and loss account	18	14,860	10,082
Total shareholders' funds	19	14,910	10,132

The financial statements on pages 8 to 25 were approved by the board of directors on 10 May 2012 and were signed on its behalf by


John H Stewart
Director

AESSEAL plc

Statement of accounting policies

Basis of preparation of accounts

The financial statements have been prepared on a going concern basis in accordance with applicable accounting standards in the United Kingdom and under the historical cost convention. There were no material departures from those standards. A summary of the main accounting policies, which have been applied consistently, is set out below.

The company is exempt from the requirement of section 400 of the Companies Act 2006 to prepare consolidated group accounts as it is a wholly owned subsidiary undertaking of AES Engineering Limited.

Cash flow statement

The company has taken advantage of the exemption in Financial Reporting Standard Number 1 (revised 1996) from producing a cash flow statement as it is a wholly-owned subsidiary undertaking of AES Engineering Limited.

Turnover

Turnover represents the amounts invoiced to customers net of value added tax. Under normal circumstances, turnover from product sales is recognised upon delivery to the customer or, in the case of goods supplied ex-works, generally upon collection by the customer or their agent. Where consignment stock arrangements are in place, turnover is recognised upon notification by the customer that the product has been withdrawn from consignment.

Tangible assets and depreciation

The cost of tangible assets is their purchase cost, together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost of tangible assets, less their estimated residual value, on a straight line basis over their estimated economic lives. The depreciation rates used for this purpose are:

Plant, fixtures and equipment	10-20% straight line
Motor vehicles	25% straight line
Short leasehold property	Equal instalments over period of lease

Intangible assets

Research and development of a revenue nature is written off in the year in which it is incurred.

Other development expenditure relating to specific projects is capitalised and carried forward and is amortised over the period during which the company is expected to benefit.

Regular impairment reviews are carried out and where applicable adjustment is made to the carrying value.

AESSEAL plc

Statement of accounting policies - continued

Stock and work in progress

Stock and work in progress are stated at the lower of cost and net realisable value. In respect of finished goods and goods for resale, cost includes direct materials, labour and manufacturing overheads incurred in bringing each product to its present location and condition. Net realisable value is based on estimated selling price less further costs to completion and selling costs. Provision is made for slow moving and obsolete stock.

Deferred taxation

Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Deferred tax is not provided on timing differences arising from revaluation of fixed assets where there are no commitments to sell the assets. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax and liabilities are not discounted.

Pension costs

The company operates defined contribution pension schemes. The charge in the profit and loss account for pension costs is the amount of the company's contributions payable to the pension schemes in the year.

Foreign currency

Transactions denominated in foreign currencies are translated into the local currency using the exchange rate ruling at the date of the transaction. Assets and liabilities denominated in a foreign currency have been translated into the local currency at the year end rates. Where there are related or matched forward contracts in respect of trading transactions, the rates of exchange specified in those contracts are used. Realised foreign exchange differences are taken to the profit and loss account.

Leasing

Assets acquired under finance leases or hire purchase contracts are capitalised and depreciated in the same manner as other tangible assets. The related obligations, net of future finance charges, are included in creditors.

Operating lease rentals are charged to the profit and loss account as they are incurred.

Share based incentives

In accordance with FRS 20 the fair value of equity settled share based payments to employees is determined at the date of grant and is expensed on a straight-line basis over the vesting period based on the group's estimate of shares or options that will eventually vest. In the case of options granted, fair value is measured by a Black-Scholes pricing model.

In these financial statements, only the expense charged to the profit and loss account for the year is disclosed (note 3). The other disclosures required under FRS 20 are included in the financial statements of the parent company, AES Engineering Limited.

The expense recognised in the profit and loss account results in a corresponding increase in equity. In accordance with FRS20 this is presented as a separate component of the company's reserves and has no significance other than being the historical accumulation of the FRS20 expense.

AESSEAL plc

Notes to the financial statements for the year ended 31 December 2011

1 Turnover

The company's turnover and operating profit relate entirely to its principal activity

As permitted by the Companies Act and SSAP 25 the directors have not disclosed segmental information as they consider it would be seriously prejudicial to the company's interests

2 Employee information

The average monthly number of persons (including executive directors) employed by the company during the year was

By activity	2011 Number	2010 Number
Sales engineers	27	25
Management and administration	118	104
Production and stores	233	216
	378	345
Staff costs for the above persons were	2011 £'000	2010 £'000
Wages and salaries	11,100	9,781
Social security costs	994	868
Other pensions costs	152	99
Severance costs	-	327
	12,246	11,075

AESSEAL plc

Notes to the financial statements for the year ended 31 December 2011

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	12,246	11,075

AESSEAL plc

Notes to the financial statements for the year ended 31 December 2011 - continued

3 Operating profit

	2011 £'000	2010 £'000
Operating profit is stated after charging/(crediting)		
Depreciation of owned tangible assets	1,093	1,121
Depreciation of tangible assets held under hire purchase contracts	416	435
Amortisation of intangible assets	375	307
Auditors' remuneration including expenses		
- audit	18	17
- non-audit services	10	14
Operating leases - property	48	74
Research and development costs	3,087	2,768
Equity settled share based payments	100	82
Net foreign currency exchange gains	38	(213)
Profit on disposal of fixed assets	(17)	(27)

4 Net interest payable and similar charges

	2011 £'000	2010 £'000
Interest payable to other group companies	(200)	(224)
Interest payable on hire purchase obligations and finance leases	(38)	(45)
Interest payable on bank overdrafts	(37)	(20)
Exchange losses arising on retranslation of foreign currency bank balances	-	(29)
Other interest payable	(4)	(6)
Net interest payable	(279)	(324)

AESSEAL plc

Notes to the financial statements for the year ended 31 December 2011 - continued

5 Directors' emoluments

	2011	2010
	£'000	£'000
Emoluments including benefits in kind	1,268	1,144
Company pension contributions to money purchase scheme	75	53
Severance Costs	-	249
	1,343	1,446

Retirement benefits are accruing to seven (2010: seven) directors under a money purchase scheme

Highest-paid director	2011	2010
	£'000	£'000
Emoluments including benefits in kind	237	328
Company pension contributions to money purchase scheme	19	19
	256	347

During the year the following director of AESSEAL plc exercised share options in AES Engineering Limited

Director	Number of shares exercised	Average Price
J Wilkinson	300	£66.79

In all cases, these shares were subsequently sold to the employee share ownership trust of AES Engineering Limited at a price of £155.25 each

AESSEAL plc

Notes to the financial statements for the year ended 31 December 2011 - continued

6 Tax on profit on ordinary activities

	2011 £'000	2010 £'000
Current tax		
UK corporation tax on profits of the year	1,880	1,420
Group relief	(65)	(135)
Adjustments in respect of previous periods	15	(163)
Current tax charge for the year	1,830	1,122
Deferred tax origination and reversal of timing differences (note 16)	(154)	(100)
Tax on profits on ordinary activities	1,676	1,022

The Finance Act 2011 was substantively enacted on 29 March 2011 and included legislation to reduce the main rate of corporation tax from 28% to 26% from 1 April 2011. A further reduction to 25% from 1 April 2012 was substantively enacted by subsequent legislation on 5 July 2011. The deferred tax balance at 31 December 2011 has been re-measured accordingly.

Further reductions to the UK corporation tax rate were announced in the 2011 Budget on 23 March 2011, which proposed to reduce the rate by 1% per annum to 23% by 1 April 2014. However, a further announcement was made in the 2012 Budget on 21 March 2012, which will result in the rate reducing to 24% from 1 April 2012, with further 1% reductions per annum to 22% by 1 April 2014. The changes had not been substantively enacted at the balance sheet date and therefore are not recognised in these financial statements.

Based on current capital investment plans, the company expects to continue to be able to claim capital allowances in excess of depreciation in future years at a similar level to the current year.

AESSEAL plc

Notes to the financial statements for the year ended 31 December 2011 - continued

6 Tax on profit on ordinary activities - continued

The tax charged on the profit for the year is lower (2010 lower) than the standard rate of corporation tax in the UK. The difference is explained below.

	2011 £'000	2010 £'000
Profit on ordinary activities before tax	7,354	5,035
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 26.5% (2010: 28%)	1,949	1,410
Effects of		
Expenses not deductible for tax purposes	9	12
Capital allowances and other timing differences	178	178
Group relief	(65)	(135)
Other reliefs	(256)	(180)
Adjustment in respect of prior year	15	(163)
Current tax charge for the year	1,830	1,122

7 Dividends

	2011 £'000	2010 £'000
Ordinary dividend paid £20 per share (2010: £20 per share)	1,000	1,000

AESSEAL plc

Notes to the financial statements for the year ended 31 December 2011 - continued

8 Intangible assets

	Deferred development expenditure £'000
Cost	
At 1 January 2011	2,350
Additions	464
At 31 December 2011	2,814
Accumulated depreciation	
At 1 January 2011	1,299
Charge for the year	375
At 31 December 2011	1,674
Net book value	
At 31 December 2011	1,140
At 31 December 2010	1,051

9 Investments

	Subsidiary Undertakings £'000
At 1 January 2011 and 31 December 2011	1,896

In November 2010 the company purchased 100% of the share capital of AESPUMP Limited from AES Engineering Limited for £1,896,495. This purchase was financed by a loan with AES Engineering Limited, the balance of which remained outstanding at 31 December 2011 (note 14).

The Directors believe that the carrying value of the investment is supported by the underlying net assets of the subsidiary undertaking and future trading forecasts.

AESSEAL plc

Notes to the financial statements for the year ended 31 December 2011 - continued

10 Tangible assets

	Land and buildings	Plant, fixtures and equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2011	375	18,632	771	19,778
Additions	-	867	231	1,098
Disposals	-	-	(106)	(106)
At 31 December 2011	375	19,499	896	20,770
Accumulated depreciation				
At 1 January 2011	32	13,202	569	13,803
Charge for the year	3	1,383	123	1,509
Disposals	-	-	(106)	(106)
At 31 December 2011	35	14,585	586	15,206
Net book value				
At 31 December 2011	340	4,914	310	5,564
At 31 December 2010	343	5,430	202	5,975

The cost of depreciable assets included in land and buildings at 31 December 2011 was £ 375,000 (2010 £375,000)

The net book value of tangible assets includes an amount of £2,358,000 (2010 £2,961,000) in respect of assets held under hire purchase contracts or finance leases

AESSEAL plc

Notes to the financial statements for the year ended 31 December 2011 - continued

11 Stock

	2011	2010
	£'000	£'000
Raw materials and consumables	1,925	1,378
Finished goods and goods for resale	6,306	5,998
	8,231	7,376

12 Debtors

	2011	2010
	£'000	£'000
Trade debtors	3,207	2,919
Amounts owed by group undertakings	4,813	4,370
Other debtors	20	-
Prepayments	439	295
	8,479	7,584

13 Creditors – amounts falling due within one year

	2011	2010
	£'000	£'000
Bank overdrafts	328	404
Obligations under finance leases and hire purchase agreements	770	809
Trade creditors	2,489	1,840
Amounts owed to group undertakings	1,003	546
Corporate tax payable	1,045	415
Other taxes and social security	108	204
Accruals and deferred income	1,532	1,401
	7,275	5,619

AESSEAL plc

Notes to the financial statements for the year ended 31 December 2011 - continued

14 Creditors – amounts falling due after more than one year

	2011 £'000	2010 £'000
Obligations under finance leases and hire purchase agreements	493	1,174
Amounts owed to group undertakings	3,251	6,896
	3,744	8,070

Amounts owed to group undertakings represent a rolling loan with AES Engineering Limited, the ultimate parent undertaking. The interest chargeable on the loan is 2% above the 12 month sterling LIBOR rate.

15 Obligations under finance leases and hire purchase agreements

The future minimum lease payments under finance leases and hire purchase agreements are as follows:

	2011 £'000	2010 £'000
Due within one year	794	843
In more than one year, but not more than five years	506	1,217
Total gross payments	1,300	2,060
Less finance charges included above	(37)	(77)
	1,263	1,983

The obligations under finance leases and hire purchase contracts are secured on certain tangible assets of the company.

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Notes to the financial statements for the year ended 31 December 2011 - continued

16 Deferred taxation

	2011	2010
	£'000	£'000
At 1 January	325	425
Utilised during the year	(154)	(100)
At 31 December	171	325

	2011	2010
	£'000	£'000
Deferred taxation provided in the accounts comprises		
Timing differences		
Accelerated capital allowances	238	385
Other timing differences	(67)	(60)
	171	325

17 Called up share capital

	2011	2010
	£'000	£'000
Authorised		
50,000 ordinary shares of £1 each	50	50
Allotted and fully paid		
50,000 ordinary shares of £1 each	50	50

AESSEAL plc

Notes to the financial statements for the year ended 31 December 2011 - continued

18 Profit and loss account

	Profit and loss account
	£'000
At 1 January 2011	10,082
Profit for the financial year	5,678
Dividend paid (note 7)	(1,000)
FRS20 expense	100
At 31 December 2011	14,860

19 Reconciliation of movements in shareholders' funds

For the year ended 31 December 2011	2011	2010
	£'000	£'000
Profit for the financial year	5,678	4,013
Dividends (note 7)	(1,000)	(1,000)
FRS20 expense	100	265
Net increase in shareholders' funds	4,778	3,278
Opening shareholders' funds	10,132	6,854
Closing shareholders' funds	14,910	10,132

AESSEAL plc

Notes to the financial statements for the year ended 31 December 2011 - continued

20 Capital and other financial commitments

	2011 £'000	2010 £'000
Capital expenditure authorised and contracted for	461	332

At 31 December 2011 the company held forward exchange contracts to sell \$19,350,000 (2010 \$24,850,000) and €24,500,000 (2010 €18,600,000) at exchange rates ranging between \$1 5442 - \$1 5625 and €1 1252 - €1 1750 respectively. Of these, \$10,050,000 and €9,600,000 fall due within one year. Exchange rate fluctuations have resulted in an unrecognised gain of £616,000 (2010 loss £216,000).

21 Leasing commitments

At 31 December 2011 the company had annual commitments under non-cancellable operating leases expiring as follows:

Land and buildings	2011 £'000	2010 £'000
Within one year	1	-
In more than one year, but not more than five years	31	47
After five years	19	20
	51	67

22 Pension commitments

The company operates defined contribution pension schemes. The assets of the schemes are held separately from those of the company in independently administered funds.

Outstanding contributions payable to the schemes by the company are included in the pension cost charge in respect of the year and amounted to £32,000 (2010 £36,000).

AESSEAL plc

Notes to the financial statements for the year ended 31 December 2011 - continued

23 Related party transactions and balances

AESSEAL plc had the following transactions and balances with other companies which were not wholly owned subsidiaries of a member of the AES Engineering Limited Group

Sales and purchases	2011	2010
	£'000	£'000
Sales	9,858	9,246
Purchases	2,454	2,239
Year end balances	2011	2010
	£'000	£'000
Amounts due to	227	218
Amounts due from	2,156	1,834

24 Parent undertaking and ultimate controlling party

The ultimate parent undertaking, and the largest and smallest group in which the results of the company are consolidated, is AES Engineering Limited, a company incorporated in Great Britain

Copies of the consolidated financial statements of AES Engineering Limited can be obtained from the Registered Office at Global Technology Centre, Mill Close, Bradmarsh Business Park, Rotherham S60 1BZ, United Kingdom

The ultimate controlling party is considered to be Mr C J Rea, by virtue of his shareholding in AES Engineering Limited

25 Contingent liability

Along with the other group undertakings based in the United Kingdom, the company has given security in favour of HSBC Bank plc against group borrowings by way of an unlimited multilateral company guarantee to secure all liabilities of each other, and a debenture giving fixed and floating charges over assets of the company. At 31 December 2011 borrowings covered by these guarantees amounted to £17,307,000 (2010 £18,063,000)

In the opinion of the directors, no loss will arise in respect of this matter

AESSEAL plc

Notes to the financial statements for the year ended 31 December 2011 - continued

26 Subsidiary undertakings

Name	Nature of business	Country of incorporation	Class of share	% held
AESPUMP Limited	Service of fluid pumps and related equipment	England and Wales	Ordinary	100
Pump Support Systems Limited (*)	Service of fluid pumps and related equipment	England and Wales	Ordinary	100
AESPUMP Ireland Limited (*)	Service of fluid pumps and related equipment	Ireland	Ordinary	100
Lease Pump Limited (*)	Service of fluid pumps and related equipment	England and Wales	Ordinary	100
Absolute Vacuum Services Limited (*)	Service of vacuum pumps and related equipment	England and Wales	Ordinary	100

(*) Denotes companies whose shares are fully or partially owned by a subsidiary