

Registered Number 2101607

AESSEAL plc
Annual Report
for the year ended 31 December 2012

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AESSEAL plc
Annual Report
for the year ended 31 December 2012
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AESSEAL plc

Directors and advisers

Directors

C J Rea OBE DL

R Rea

M O Williams

J Wilkinson

S M Shaw

T R Pickles

J H Stewart

G W Bridge

G Bingham

J D Selka

Company secretary

J C Caldwell

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

4th Floor, City Point

29 King Street

Leeds

LS1 2HL

AESSEAL plc

Directors' report for the year ended 31 December 2012

The directors present their report and the audited financial statements of the company for the year ended 31 December 2012

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 2012 is yet another year of sales growth with turnover increasing 3.3% to £43.4m (2011: 14% growth from £37.0m to £42.0m). Operating profit fell slightly to £7.0m following an exceptional increase of 41% to £7.6m in 2011.

The sales growth in 2012 is a result of continued customer service, strong customer relationships and innovative products.

The UK mechanical seal business grew by 5.2% and sales to Group companies around the world grew by 3.8%.

International business remains challenging but AESSEAL sister companies around the world helped us secure an excellent result for 2012, particularly strong performers being Spain, Russia and the UAE.

To sustain the growth in a technology advanced business, innovation and new product development is fundamental and during the year the Company has invested 7% of sales (2011: 7%) on research and development activities. In our target market of Oil and Gas, we can now boast a full range of seals and systems for hydrocarbon duties, qualification tested to API third edition. Our objective to offer a high quality alternative for Compressor Dry Gas mechanical seals is now a reality. In addition AESSEAL offer a refurbishment program for our own and competitors' Gas Seals.

Post Balance Sheet Event

On 18 January 2013 the ownership of AESPUMP Limited was transferred from AESSEAL plc to AES Engineering Limited at net book value. AESPUMP Limited has never been consolidated in the AESSEAL plc statutory accounts as it is exempt under section 400 of the Companies Act 2006.

AESSEAL plc

Directors' report for the year ended 31 December 2012 - 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 £1,500,000 (£30 per share) was paid on 15 May 2012 (2011: £1,000,000 (£20 per share) paid on 10 May 2011).

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 (resigned 24 December 2012)

S M Shaw

T R Pickles

J H Stewart

I G Wallace (resigned 11 April 2013)

G W Bridge

G Bingham

J D Selka (appointed 11 January 2013)

Directors' indemnities

The Company maintains liability insurance for its directors and officers. The Company 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 £18,120 (2011: £23,843) for charitable purposes in the year. No political donations were made during the year.

AESSEAL plc

Directors' report for the year ended 31 December 2012 - 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 38 days (2011: 44 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.

Directors' report for the year ended 31 December 2012 - 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

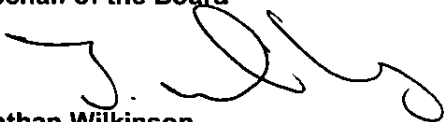
- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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
22 May 2013

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 2012 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 Annual report 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 2012 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



Andy Ward (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Sheffield

22 May 2013

AESSEAL plc

Profit and loss account for the year ended 31 December 2012

	Note	2012 £'000	2011 £'000
Turnover	1	43,376	41,995
Change in stocks of finished goods		777	308
		44,153	42,303
Raw materials and consumables		(16,664)	(15,788)
Staff costs	2	(13,328)	(12,246)
Depreciation and amortisation		(2,140)	(1,884)
Other operating charges		(5,010)	(4,752)
		(37,142)	(34,670)
Operating profit	3	7,011	7,633
Net interest payable and similar charges	4	(138)	(279)
Profit on ordinary activities before taxation		6,873	7,354
Tax on profit on ordinary activities	6	(1,339)	(1,676)
Profit for the financial year	18	5,534	5,678

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

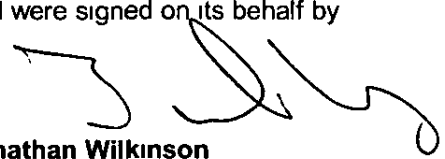
AESSEAL plc

Balance sheet as at 31 December 2012

Registered number 2101607

	Note	2012 £'000	2011 £'000
Fixed assets			
Intangible assets	8	1,311	1,140
Investments	9	1,896	1,896
Tangible assets	10	7,622	5,564
		10,829	8,600
Current assets			
Stock	11	9,098	8,231
Debtors	12	9,138	8,479
Cash at bank and in hand		36	790
		18,272	17,500
Creditors: amounts falling due within one year	13	(6,940)	(7,275)
Net current assets		11,332	10,225
Total assets less current liabilities		22,161	18,825
Creditors: amounts falling due after more than one year	14	(3,044)	(3,744)
Deferred tax	16	(111)	(171)
Net assets		19,006	14,910
Capital and reserves			
Called up share capital	17	50	50
Profit and loss account	18	18,956	14,860
Total shareholders' funds	19	19,006	14,910

The financial statements on pages 8 to 26 were approved by the board of directors on 22 May 2013 and were signed on its behalf by



Jonathan Wilkinson
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 2012

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	2012	2011
	Number	Number
Sales engineers	30	27
Management and administration	152	118
Production and stores	240	233
	422	378
Staff costs for the above persons were	2012	2011
	£'000	£'000
Wages and salaries	11,871	11,100
Social security costs	1,100	994
Other pensions costs	166	152
Severance costs	191	-
	13,328	12,246

AESSEAL plc

Notes to the financial statements for the year ended 31 December 2012 - continued

3 Operating profit

	2012 £'000	2011 £'000
Operating profit is stated after charging/(crediting)		
Depreciation of owned tangible assets	1,231	1,093
Depreciation of tangible assets held under hire purchase contracts	434	416
Amortisation of intangible assets	475	375
Auditors' remuneration including expenses		
- audit	18	18
- non-audit services	10	10
Operating leases - property	28	48
Operating leases - machinery	72	25
Research and development costs	3,112	3,087
Equity settled share based payments	61	100
Net foreign currency exchange gains	4	38
(Profit)/loss on disposal of fixed assets	(49)	17

4 Net interest payable and similar charges

	2012 £'000	2011 £'000
Interest payable to other group companies	90	200
Interest payable on hire purchase obligations and finance leases	24	38
Interest payable on bank overdrafts	24	37
Other interest payable	-	4
Net interest payable	138	279

AESSEAL plc

Notes to the financial statements for the year ended 31 December 2012 - continued

5 Directors' emoluments

	2012 £'000	2011 £'000
Emoluments including benefits in kind	1,081	1,268
Company pension contributions to money purchase scheme	56	75
Severance Costs	191	-
	1,328	1,343

Retirement benefits are accruing to seven (2011: seven) directors under a money purchase scheme

Highest-paid director	2012 £'000	2011 £'000
Emoluments including benefits in kind	92	237
Company pension contributions to money purchase scheme	7	19
Severance Costs	191	-
	290	256

During the year no (2011: 1) director's of AESSEAL plc exercised share options in AES Engineering Limited

AESSEAL plc

Notes to the financial statements for the year ended 31 December 2012 - continued

6 Tax on profit on ordinary activities

	2012 £'000	2011 £'000
Current tax		
UK corporation tax on profits of the year	1,516	1,880
Group relief	(75)	(65)
Adjustments in respect of previous periods	(42)	15
Current tax charge for the year	1,399	1,830
Deferred tax origination and reversal of timing differences (note 16)	(60)	(154)
Tax on profits on ordinary activities	1,339	1,676

In addition to the changes in rates of Corporation tax disclosed within this note further changes to the UK Corporation tax rates were announced in the 2012 Autumn Statement and the March 2013 Budget. These include further reductions to the main rate to reduce the rate to 21% from 1 April 2014 and to 20% from 1 April 2015. These changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

The proposed reductions to the main rate of corporation tax are both expected to be enacted as part of Finance Act 2013. The overall effect of these further changes, if applied to the deferred tax balance at the balance sheet date, would be to further reduce the deferred tax liability by an additional £14,492.

AESSEAL plc

Notes to the financial statements for the year ended 31 December 2012 - continued

6 Tax on profit on ordinary activities - continued

The tax charged on the profit for the year is lower (2011: lower) than the standard rate of corporation tax in the UK. The difference is explained below.

	2012 £'000	2011 £'000
Profit on ordinary activities before tax	6,873	7,354
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24.5% (2011: 26.5%)	1,684	1,949
Effects of:		
Expenses not deductible for tax purposes	14	9
Capital allowances and other timing differences	165	178
Group relief	(75)	(65)
Other reliefs	(347)	(256)
Adjustment in respect of prior year	(42)	15
Current tax charge for the year	1,399	1,830

7 Dividends

	2012 £'000	2011 £'000
Ordinary dividend paid: £30 per share (2011: £20 per share)	1,500	1,000

AESSEAL plc

Notes to the financial statements for the year ended 31 December 2012 - continued

8 Intangible assets

	Deferred development expenditure £'000
Cost	
At 1 January 2012	2,814
Additions	646
At 31 December 2012	3,460
Accumulated depreciation	
At 1 January 2012	1,674
Charge for the year	475
At 31 December 2012	2,149
Net book value	
At 31 December 2012	1,311
At 31 December 2011	1,140

9 Investments

	Subsidiary Undertakings £'000
At 1 January 2012 and 31 December 2012	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 2012 (note 14).

On 18 January 2013 the ownership of the share capital of AESPUMP Limited has been transferred from AESSEAL plc to AES Engineering Limited at Net Book Value.

AESSEAL plc

Notes to the financial statements for the year ended 31 December 2012 - continued

10 Tangible assets

	Land and buildings	Plant, fixtures and equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2012	375	19,499	896	20,770
Additions	-	3,480	267	3,747
Disposals	-	(275)	(216)	(491)
At 31 December 2012	375	22,704	947	24,026
Accumulated depreciation				
At 1 January 2012	35	14,585	586	15,206
Charge for the year	4	1,520	141	1,665
Disposals	-	(266)	(201)	(467)
At 31 December 2012	39	15,839	526	16,404
Net book value				
At 31 December 2012	336	6,865	421	7,622
At 31 December 2011	340	4,914	310	5,564

The cost of depreciable assets included in land and buildings at 31 December 2012 was £375,000 (2011 £375,000)

The net book value of tangible assets includes an amount of £1,924,418 (2011 £2,358,000) 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 2012 - continued

11 Stock

	2012 £'000	2011 £'000
Raw materials and consumables	2,015	1,925
Finished goods and goods for resale	7,083	6,306
	9,098	8,231

12 Debtors

	2012 £'000	2011 £'000
Trade debtors	3,272	3,207
Amounts owed by group undertakings	5,563	4,813
Other debtors	-	20
Prepayments	303	439
	9,138	8,479

13 Creditors – amounts falling due within one year

	2012 £'000	2011 £'000
Bank overdrafts	1,440	328
Obligations under finance leases and hire purchase agreements	450	770
Trade creditors	2,014	2,489
Amounts owed to group undertakings	681	1,003
Corporate tax payable	884	1,045
Other taxes and social security	114	108
Accruals and deferred income	1,357	1,532
	6,940	7,275

AESSEAL plc

Notes to the financial statements for the year ended 31 December 2012 - continued

14 Creditors – amounts falling due after more than one year

	2012 £'000	2011 £'000
Obligations under finance leases and hire purchase agreements	43	493
Amounts owed to group undertakings	3,001	3,251
	3,044	3,744

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:

	2012 £'000	2011 £'000
Due within one year	456	794
In more than one year, but not more than five years	43	506
Total gross payments	499	1,300
Less finance charges included above	(6)	(37)
	493	1,263

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

AESSEAL plc

Notes to the financial statements for the year ended 31 December 2012 - continued

16 Deferred taxation

	2012 £'000	2011 £'000
At 1 January	171	325
Utilised during the year	(60)	(154)
At 31 December	111	171

	2012 £'000	2011 £'000
Deferred taxation provided in the accounts comprises		
Timing differences		
Accelerated capital allowances	173	238
Other timing differences	(62)	(67)
	111	171

17 Called up share capital

	2012 £'000	2011 £'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 2012 - continued

18 Profit and loss account

	Profit and loss account
	£'000
At 1 January 2012	14,860
Profit for the financial year	5,534
Dividend paid (note 7)	(1,500)
FRS20 expense	62
At 31 December 2012	18,956

19 Reconciliation of movements in shareholders' funds

For the year ended 31 December 2012	2012	2011
	£'000	£'000
Profit for the financial year	5,534	5,678
Dividends (note 7)	(1,500)	(1,000)
FRS20 expense	62	100
Net increase in shareholders' funds	4,096	4,778
Opening shareholders' funds	14,910	10,132
Closing shareholders' funds	19,006	14,910

AESSEAL plc

Notes to the financial statements for the year ended 31 December 2012 - continued

20 Capital and other financial commitments

	2012 £'000	2011 £'000
Capital expenditure authorised and contracted for	195	461

At 31 December 2012 the group held forward exchange contracts to sell \$28,230,000 (2011 \$19,350,000) and €29,900,000 (2011 € 24,500,000) at exchange rates ranging between \$1 5442 - \$1 5886 and €1 1469 - €1 2283 respectively. Of these \$10,320,000 and €10,950,000 fall due within one year. Exchange rate fluctuations have resulted in an unrecognised gain of £1,613,000 (2011 £616,000).

21 Leasing commitments

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

Land and buildings	2012 £'000	2011 £'000
Within one year	5	1
In more than one year, but not more than five years	-	31
After five years	20	19
	25	51

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 £22,000 (2011 £32,000).

AESSEAL plc

Notes to the financial statements for the year ended 31 December 2012 - 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	2012	2011
	£'000	£'000
Sales	9,599	9,858
Purchases	2,864	2,454
Year end balances	2012	2011
	£'000	£'000
Amounts due to	85	227
Amounts due from	1,804	2,156

24 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 2012 borrowings covered by these guarantees amounted to £18,241,442 (2011 £17,307,000)

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

On 4 March 2013 the group replaced the maturing term loan facility with a new £30m multi-currency three year term facility which will be repayable in full by March 2016

AESSEAL plc

Notes to the financial statements for the year ended 31 December 2012 - continued

25 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
AESPUMP BV (*)	Service of fluid pumps and related equipment	Netherlands	Ordinary	100
AESPUMP APS (*)	Service and sale of Vacuum pumps and related equipment	Denmark	Ordinary	100
AESPUMP GmbH (*)	Service of fluid pumps and related equipment	Germany	Ordinary	100

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

AESSEAL plc

Notes to the financial statements for the year ended 31 December 2012 - continued

26 Post balance sheet events

On 18 January 2013 the ownership of AESPUMP Limited was transferred from AESSEAL plc to AES Engineering Limited at net book value, which then became both the immediate and ultimate parent undertaking of the company

27 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