

Registrar

Registered Number: 2101607

AESSEAL plc
Annual Report
for the year ended 31 December 2014

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AESSEAL plc
Annual Report
for the year ended 31 December 2014
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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

G W Bridge

G Bingham

C D Guppy

M R Wood

Company secretary

C L Dickinson

Registered office

Global Technology Centre

Mill Close

Bradmarsh Business Park

Rotherham

S60 1BZ

Independent auditors

PricewaterhouseCoopers LLP

St Pauls Place

121 Norfolk Street

Sheffield

S1 2ET

Bankers

HSBC Bank plc

4th Floor, City Point

29 King Street

Leeds

LS1 2HL

AESSEAL plc

Strategic report for the year ended 31 December 2014

The directors present their strategic report on the company for the year ended 31 December 2014.

Principal activities

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.

Our purpose

The company's purpose is to put customers at the heart of our business through providing exceptional customer service. Our customers have supported the expansion of our products, processes and the globalisation of our business.

Review of business and future developments

The results for the company in 2014 were satisfactory. Although sales declined 2.9% to £43.9m (2013: £45.2m), good cost control meant that materials as a percentage of sales reduced to 37.0% from 38.0%

International business remains challenging but AESSEAL sister companies around the world helped us secure a satisfactory result for 2014, particularly strong performers against 2013 being AESSEAL Italy, AESSEAL Malaysia and AESSEAL Sweden.

Operating profit fell slightly to £6.5m (2013: £6.9m) due to one off staff costs in the year.

During the year AESSEAL plc acquired 5% minority stake in our business in the Kingdom of Saudi Arabia with AES Engineering now owning the remaining 95% The minimum stake in a company in the Kingdom of Saudi is 5% and companies must have two different companies owning the share capital.

Research and development

To sustain the growth in a technologically advanced business, innovation and new product development are fundamental. During the year the company has invested 9% of sales (2013: 7%) in research and development activities. Total research and development spending in 2014 was £3.8m (2013: £3.2m).

The mechanical seal division, AESSEAL, has now developed a complete range of mechanical seals in line with its larger competitors and is able to compete on a level playing field in the market place. The Group is also confident that the AESSEAL technology is at the forefront of mechanical sealing. This continues to be a key factor in the continuing development of the business in demanding sectors such as, Oil and Gas, Hydrocarbon Gas Transportation (Compressor Dry Gas Seals), Autoclaves, High Technology Mixer Seals and High Temperature Corrosive Applications.

**Strategic report
for the year ended 31 December 2014 - 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 Directors' report of AES Engineering Limited's Annual Report which does not form part of this report.

Approved by and signed on behalf of the Board

J Wilkinson
Director
27 April 2015

A handwritten signature in black ink, appearing to be 'J Wilkinson', written over a horizontal line.

Directors' report for the year ended 31 December 2014

The directors present their report and the audited financial statements of the company for the year ended 31 December 2014.

Results and dividends

The profit and loss account for the year is set out on page 10. A dividend of £2,000,000 (£40 per share) was paid on 1 May 2014 (2013: £1,500,000 (£30 per share)).

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

S M Shaw

T R Pickles – resigned 23 September 2014

G W Bridge – resigned 24 November 2014, appointed 27 February 2015

G Bingham

J D Selka – resigned 31 March 2014

I G Wallace – resigned 16 June 2014

C D Guppy – appointed 16 June 2014

M R Wood – appointed 22 September 2014

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 £40,757 (2013: £39,200) for charitable purposes in the year. No political donations were made during the year (2013: £nil).

Directors' report for the year ended 31 December 2014 - continued

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 practise, as well as discussing business issues, including efficiency initiatives, training & development, environment and health & safety issues. All employees contribute to and understand the company's business culture - particularly the needs of the customers it serves. The company conducts 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.

Statement of directors' responsibilities

The Directors are responsible for preparing the Strategic report, 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.

**Directors' report
for the year ended 31 December 2014 - continued**

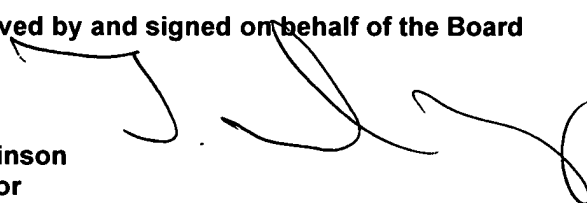
The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies 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

In accordance with Section 418, directors' reports shall include a statement, in the case of each director in office at the date the directors' report is approved, that so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Approved by and signed on behalf of the Board

J Wilkinson
Director
27 April 2015

A handwritten signature in black ink, appearing to be 'J Wilkinson', written over a horizontal line.

AESSEAL plc

Independent auditors' report to the members of AESSEAL plc

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 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.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by AESSEAL plc, comprise:

- the Balance sheet as at 31 December 2014;
- the Profit and loss account for the year then ended;
- the statement of accounting policies; and
- the notes to the financial statements, which include other explanatory information.

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).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK and Ireland)"). 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

AESSEAL plc

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

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on pages 5-6, 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 ISAs (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 to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



Andy Ward (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Sheffield
27 April 2015

AESSEAL plc

Profit and loss account for the year ended 31 December 2014

	Note	2014 £'000	2013 £'000
Turnover	1	43,903	45,198
Other income		418	230
Change in stocks of finished goods		22	(171)
		44,343	45,257
Raw materials and consumables		(16,243)	(17,192)
Staff costs	2	(14,327)	(13,668)
Depreciation and amortisation		(2,561)	(2,434)
Other operating charges		(4,756)	(5,106)
		(37,887)	(38,400)
Operating profit	3	6,456	6,857
Net interest receivable/(payable) and similar income/(charges)	4	109	(25)
Profit on ordinary activities before taxation		6,565	6,832
Tax on profit on ordinary activities	6	(1,379)	(1,144)
Profit for the financial year	18	5,186	5,688

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 2014

Registered number: 2101607

	Note	2014 £'000	2013 £'000
Fixed assets			
Intangible assets	8	1,676	1,480
Tangible assets	10	9,136	9,264
Investments	9	49	-
		10,861	10,744
Current assets			
Stocks	11	8,587	8,826
Debtors	12	17,573	12,158
Cash at bank and in hand		599	358
		26,759	21,342
Creditors: amounts falling due within one year	13	(6,852)	(5,903)
Net current assets		19,907	15,439
Total assets less current liabilities		30,768	26,183
Creditors: amounts falling due after more than one year	14	(3,889)	(2,736)
Deferred tax	16	(350)	(180)
Net assets		26,529	23,267
Capital and reserves			
Called up share capital	17	50	50
Profit and loss account	18	26,479	23,217
Total shareholders' funds	19	26,529	23,267

The financial statements on pages 10 to 27 were approved by the board of directors on 27 April 2015 and were signed on its behalf by:

J Wilkinson
Director

AESSEAL plc

Statement of accounting policies

Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis in accordance with the Companies Act 2006, 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.

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

Tangible fixed assets are stated at cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

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:

Buildings	1% straight line
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.

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 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 hire purchase contracts are capitalised and depreciated in the same manner as other tangible fixed assets. Assets acquired under finance leases are capitalised and depreciated over the lower of the useful lives and the terms of the lease. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

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

Statement of accounting policies - continued

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.

Government grants

Government grants are recognised in the financial statements initially as deferred income when there is reasonable assurance that they will be received and conditions attached to the grants will be adhered to. Grants that compensate for expenses incurred are recognised as other income in the profit and loss account in the same period in which the expenses are recognised. Grants that compensate for the cost of an asset are recognised in the financial statements as other income over the useful life of the asset.

Dividends

Dividends are recognised in the period in which they are declared and approved by the shareholders.

Notes to the financial statements for the year ended 31 December 2014

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	2014 Number	2013 Number
Sales engineers	28	29
Management and administration	172	172
Production and stores	243	244
	443	445

Staff costs for the above persons were:	2014 £'000	2013 £'000
Wages and salaries	12,828	12,240
Social security costs	1,209	1,197
Other pensions costs	290	231
	14,327	13,668

AESSEAL plc

Notes to the financial statements for the year ended 31 December 2014 - continued

3 Operating profit

	2014 £'000	2013 £'000
Operating profit is stated after charging/(crediting):		
Depreciation of owned tangible assets	1,793	1,809
Depreciation of tangible assets held under hire purchase contracts	255	58
Amortisation of intangible assets	513	568
Auditors' remuneration including expenses		
- audit	22	21
- non-audit services	7	40
Operating leases - property	27	28
Research and development costs	3,824	3,204
Equity settled share based payments	76	73
Net foreign currency exchange (losses)/gains	(30)	16
Profit on disposal of fixed assets	(85)	(23)

4 Net interest receivable/(payable) and similar income/(charges)

	2014 £'000	2013 £'000
Interest receivable from other group companies	148	22
Interest payable on hire purchase obligations and finance leases	(4)	(13)
Interest payable on bank overdrafts	(35)	(34)
Net interest receivable/(payable) and similar charges	109	(25)

AESSEAL plc

Notes to the financial statements for the year ended 31 December 2014 - continued

5 Directors' emoluments

	2014 £'000	2013 £'000
Emoluments including benefits in kind	1,083	1,052
Company pension contributions to money purchase scheme	96	66
Gain on exercise of share options	195	472
	1,374	1,590

Retirement benefits are accruing to ten (2013: seven) directors under a money purchase scheme. During the year one (2013: two) director of AESSEAL plc exercised share options in AES Engineering Limited as follows

Highest paid director	2014 £'000	2013 £'000
Emoluments including benefits in kind	155	189
Company pension contributions to money purchase scheme	6	9
Gain on exercise of share options	195	328
	356	526

**Notes to the financial statements
for the year ended 31 December 2014 - continued**

6 Tax on profit on ordinary activities

	2014	2013
	£'000	£'000
Current tax:		
UK corporation tax on profits of the year	1,272	1,366
Group relief	(98)	-
Adjustments in respect of prior years	35	(291)
Current tax charge for the year	1,209	1,075
Deferred tax: timing differences (note 16)	170	69
Tax on profits on ordinary activities	1,379	1,144

During the year the standard rate of UK corporation tax rate reduced from 23% to 21% on 1 April 2014. Further reductions to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2014 on 2 July 2014. These reduced the main rate to 21% from 1 April 2015 and to 20% from 1 April 2016. The deferred tax assets and liabilities reflect these rates.

**Notes to the financial statements
for the year ended 31 December 2014 - continued**

6 Tax on profit on ordinary activities - continued

The tax charged on the profit for the year is lower (2013: lower) than the standard rate of corporation tax in the UK. The difference is explained below:

	2014	2013
	£'000	£'000
Profit on ordinary activities before taxation	6,565	6,832
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21.5% (2013: 23.25%)	1,411	1,589
Effects of:		
Expenses not deductible for tax purposes	33	15
Capital allowances and other timing differences	7	101
Group relief	(98)	-
Other reliefs	(179)	(339)
Adjustment in respect of prior years	35	(291)
Current tax charge for the year	1,209	1,075

7 Dividends

	2014	2013
	£'000	£'000
Ordinary dividend paid: £40 per share (2013: £30 per share)	2,000	1,500

AESSEAL plc

Notes to the financial statements for the year ended 31 December 2014 - continued

8 Intangible assets

	Deferred development expenditure £'000
Cost	
At 1 January 2014	4,197
Additions	709
At 31 December 2014	4,906
Accumulated depreciation	
At 1 January 2014	2,717
Charge for the year	513
At 31 December 2014	3,230
Net book value	
At 31 December 2014	1,676
At 31 December 2013	1,480

9 Investments

	£'000
At 1 January 2014	-
Additions	49
At 31 December 2014	49

During 2014 the company acquired the 5% share capital of AESSEAL Saudi Arabia Company Limited (formerly ALAA & AESSEAL Factory Co Limited) for a consideration of £49,000.

AESSEAL plc

Notes to the financial statements for the year ended 31 December 2014 - continued

10 Tangible assets

	Land and buildings	Plant, fixtures and equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2014	375	26,044	978	27,397
Additions	1	1,810	123	1,934
Disposals	-	(116)	(80)	(196)
At 31 December 2014	376	27,738	1,021	29,135
Accumulated depreciation				
At 1 January 2014	42	17,429	662	18,133
Charge for the year	4	1,879	165	2,048
Disposals	-	(102)	(80)	(182)
At 31 December 2014	46	19,206	747	19,999
Net book value				
At 31 December 2014	330	8,532	274	9,136
At 31 December 2013	333	8,615	316	9,264

The cost of depreciable assets included in land and buildings is £376,000 (2013: £375,000).

The net book value of tangible assets includes an amount of £2,988,000 (2013: £280,000) 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 2014 - continued

11 Stocks

	2014	2013
	£'000	£'000
Raw materials and consumables	1,853	1,914
Finished goods and goods for resale	6,734	6,912
	8,587	8,826

12 Debtors

	2014	2013
	£'000	£'000
Trade debtors	3,822	4,031
Amounts owed by group undertakings	13,020	7,526
Other debtors	259	30
Prepayments	472	571
	17,573	12,158

Amounts owed by group undertakings are trading balances which are unsecured and interest free.

**Notes to the financial statements
for the year ended 31 December 2014 - continued****13 Creditors: amounts falling due within one year**

	2014	2013
	£'000	£'000
Bank overdraft	639	119
Obligations under finance leases and hire purchase agreements	615	43
Trade creditors	1,992	2,890
Amounts owed to group undertakings	1,091	1,340
Corporate tax payable	545	415
Other taxation and social security	429	76
Accruals and deferred income	1,541	1,020
	6,852	5,903

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

14 Creditors: amounts falling due after more than one year

	2014	2013
	£'000	£'000
Obligations under finance leases and hire purchase agreements	2,582	-
Amounts owed to group undertakings	-	1,801
Deferred income	1,307	935
	3,889	2,736

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

Deferred income represents unrecognised grant income. In 2014 £197,000 (2013: £85,000) was recognised within the profit and loss account within other income.

AESSEAL plc

Notes to the financial statements for the year ended 31 December 2014 - continued

15 Obligations under finance leases and hire purchase agreements

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

	2014 £'000	2013 £'000
Due within one year	697	43
Between one and five years	2,730	-
Total gross payments	3,427	43
Less finance charges included above	(230)	-
	3,197	43

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

16 Deferred taxation

	2014 £'000	2013 £'000
At 1 January	180	111
Origination of timing differences	170	69
At 31 December	350	180

	2014 £'000	2013 £'000
Deferred taxation provided in the accounts comprises		
Timing differences:		
Accelerated capital allowances	400	230
Other timing differences	(50)	(50)
	350	180

AESSEAL plc

Notes to the financial statements for the year ended 31 December 2014 - continued

17 Called up share capital

	2014 £'000	2013 £'000
Authorised		
50,000 ordinary shares of £1 each	50	50
Allotted and fully paid		
50,000 ordinary shares of £1 each	50	50

There have been no changes during the year.

18 Profit and loss account

	Profit and loss account £'000
At 1 January 2014	23,217
Profit for the financial year	5,186
Dividend paid (note 7)	(2,000)
FRS20 expense	76
At 31 December 2014	26,479

19 Reconciliation of movements in shareholders' funds

	2014 £'000	2013 £'000
Profit for the financial year	5,186	5,688
Dividends (note 7)	(2,000)	(1,500)
FRS20 expense	76	73
Net increase in shareholders' funds	3,262	4,261
Opening shareholders' funds	23,267	19,006
Closing shareholders' funds	26,529	23,267

**Notes to the financial statements
for the year ended 31 December 2014 - continued****20 Capital and other financial commitments**

	2014	2013
	£'000	£'000
Capital expenditure authorised and contracted for	426	233

At 31 December 2014 the company held forward exchange contracts to sell \$19,220,000 (2013: \$22,110,000) and €18,000,000 (2013: €25,200,000) at exchange rates ranging between \$1.4982 - \$1.5730 and €1.1433 - €1.2283 respectively. Of these \$12,140,000 and €8,400,000 fall due within one year. Compared to market rates at year end, the amounts receivable under these contracts give rise to an unrecognised gain of £743,000 (2013: unrecognised gain of £1,289,000).

21 Leasing commitments

At 31 December 2014 the company had annual commitments under non-cancellable operating leases expiring as follows:

Land and buildings	2014	2013
	£'000	£'000
Within one year	-	-
After five years	20	20
	20	20

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 amount to £68,149 (2013: £22,000).

AESSEAL plc

Notes to the financial statements for the year ended 31 December 2014 - continued

23 Related party transactions and balances

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

Sales and purchases	2014	2013
	£'000	£'000
Sales	7,934	8,750
Purchases	1,446	2,114

Year end balances

Amounts due to	386	409
Amounts due from	1,653	1,796

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 2014 borrowings covered by these guarantees amounted to £12,364,000 (2013: £15,663,000).

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

25 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 OBE DL, by virtue of his shareholding in AES Engineering Limited.