

Financial Statements

Aqua Geocomposites Limited

For the year ended 31 October 2012



Registered number: 2371421

Company Information

Directors	I T Smith L C Smith S Smith C J Weston
Company secretary	L C Smith
Company number	2371421
Registered office	Belmont House Garnett Place East Gillibrands Skelmersdale WN8 9UB
Auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Royal Liver Building Liverpool L3 1PS
Bankers	Barclays Bank Plc 19 Church Street St Helens WA10 1BG
Solicitors	Hill Dickinson LLP No 1 St Paul's Square Old Hall Street Liverpool L3 9SJ

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Directors' report

For the year ended 31 October 2012

The directors present their report and the financial statements for the year ended 31 October 2012

Directors' responsibilities statement

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 elected to prepare 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 judgments and estimates that are reasonable and prudent,
- 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.

Principal activity

The company is principally engaged in the manufacture of Geo Textile Drainage Systems.

Directors

The directors who served during the year were

I T Smith
L C Smith
S Smith
C J Weston

Provision of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information.

Directors' report

For the year ended 31 October 2012

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006

This report was approved by the board on 18 December 2012 and signed on its behalf

A handwritten signature in black ink, appearing to read 'L C Smith', with a stylized flourish at the end.

L C Smith
Director



Independent auditor's report to the members of Aqua Geocomposites Limited

We have audited the financial statements of Aqua Geocomposites Limited for the year ended 31 October 2012, which comprise the Profit and loss account, the Balance sheet 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).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' responsibilities statement, 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Auditing Practices Board's website at www.frc.org.uk/apb/scope/private.cfm.

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 October 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.



Independent auditor's report to the members of Aqua Geocomposites Limited

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the Directors' report

Grant Thornton UK LLP

Carl Williams (Senior statutory auditor)
for and on behalf of
Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor
Liverpool

18 December 2012

Profit and loss account

For the year ended 31 October 2012

	Note	2012 £	2011 £
Turnover	1,2	2,945,768	3,126,649
Cost of sales		<u>(2,086,490)</u>	<u>(2,202,509)</u>
Gross profit		859,278	924,140
Administrative expenses		<u>(613,719)</u>	<u>(697,984)</u>
Operating profit	3	245,559	226,156
Interest payable and similar charges	6	<u>(1,283)</u>	<u>(465)</u>
Profit on ordinary activities before taxation		244,276	225,691
Tax on profit on ordinary activities	7	<u>(58,780)</u>	<u>(53,694)</u>
Profit for the financial year	15	<u><u>185,496</u></u>	<u><u>171,997</u></u>

All amounts relate to continuing operations

There were no recognised gains and losses for 2012 or 2011 other than those included in the Profit and loss account

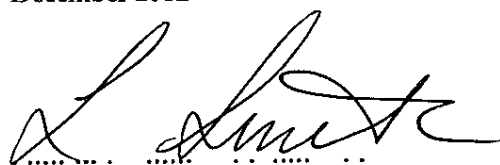
The notes on pages 7 to 15 form part of these financial statements

Balance sheet

As at 31 October 2012

	Note	£	2012 £	2011 £
Fixed assets				
Tangible assets	8		74,878	12,972
Current assets				
Stocks	9	138,200		68,770
Debtors	10	736,739		572,578
Cash at bank		332,136		514,447
		<u>1,207,075</u>		<u>1,155,795</u>
Creditors amounts falling due within one year	11	<u>(828,271)</u>		<u>(828,471)</u>
Net current assets			<u>378,804</u>	<u>327,324</u>
Total assets less current liabilities			<u>453,682</u>	<u>340,296</u>
Creditors: amounts falling due after more than one year	12		<u>(27,890)</u>	<u>-</u>
Net assets			<u><u>425,792</u></u>	<u><u>340,296</u></u>
Capital and reserves				
Called up share capital	14		600	600
Profit and loss account	15		<u>425,192</u>	<u>339,696</u>
Shareholders' funds	16		<u><u>425,792</u></u>	<u><u>340,296</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 18 December 2012



L C Smith
Director

The notes on pages 7 to 15 form part of these financial statements

Notes to the financial statements

For the year ended 31 October 2012

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable UK accounting standards (United Kingdom Generally Accepted Accounting Practice)

The principal accounting policies of the company remain unchanged compared with the prior year and are set out below

1.2 Cash flow

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a small company

1.3 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts

It is stated at the fair value of consideration receivable, net of value added tax, rebates and discounts Revenue from the sale of goods is recognised when the significant risks and benefits of ownership of the product have transferred to the buyer, which is upon shipment of the goods

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Plant & machinery	-	5 years
Motor vehicles	-	3-5 years
Computer equipment	-	3 years

1.5 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives Assets acquired by hire purchase are depreciated over their useful lives Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company Obligations under such agreements are included in creditors net of the finance charges allocated to future periods The finance element of the rental payment is charged to the Profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period

1.6 Operating leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term

Notes to the financial statements

For the year ended 31 October 2012

1. Accounting policies (continued)

1.7 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks

Cost of stock is based on purchased cost. Net realisable value is the estimated selling price less all future costs to complete and all costs to be incurred in marketing, selling and distribution.

1.8 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.9 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and loss account.

1.10 Pensions

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

1.11 Current taxation

The current tax charge is based on the profit for the year and is measured at the amounts expected to be paid based on the tax rates and laws substantively enacted by the balance sheet date. Current and deferred tax is recognised in the profit and loss account for the period except to the extent that it is attributable to a gain or loss that is recognised directly in the statement of total recognised gains and losses.

Notes to the financial statements

For the year ended 31 October 2012

1. Accounting policies (continued)

1.12 Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into

A financial liability exists where there is a contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities under potentially unfavourable conditions. In addition, contracts which result in the entity delivering a variable number of its own equity instruments are financial liabilities. Shares containing such obligations are classified as financial liabilities.

Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. The carrying amount of the liability is increased by the finance cost and reduced by payments made in respect of that liability. Finance costs are calculated so as to produce a constant rate of charge on the outstanding liability.

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Dividends and distributions relating to equity instruments are debited directly to reserves.

1.13 Patents and trademarks

Costs are charged against profits for patents and trademarks in the period in which they are incurred.

2. Turnover

The turnover and profit before taxation are attributable to one activity, which is carried on in a single geographical market.

Notes to the financial statements

For the year ended 31 October 2012

3. Operating profit

The operating profit is stated after charging/(crediting)

	2012 £	2011 £
Depreciation of tangible fixed assets		
- owned by the company	11,520	46,359
- held under hire purchase contracts	15,502	-
Auditor's remuneration	5,480	5,420
Auditor's remuneration - non-audit	1,020	980
Operating lease rentals		
- land and building	13,000	13,000
Difference on foreign exchange	(3,563)	(7,756)
Staff pension contributions	41,411	26,411
Profit on disposal of fixed assets	(44,549)	(6,000)
	<u> </u>	<u> </u>

4. Staff costs

Staff costs, including directors' remuneration, were as follows

	2012 £	2011 £
Wages and salaries	446,700	421,912
Social security costs	54,488	54,334
Other pension costs	60,411	38,411
	<u>561,599</u>	<u>514,657</u>

The average monthly number of employees, including the directors, during the year was as follows

	2012 No.	2011 No.
Average employees for the year	<u>11</u>	<u>12</u>

5. Directors' remuneration

	2012 £	2011 £
Emoluments	<u>175,430</u>	<u>157,349</u>
Company pension contributions to defined contribution pension schemes	<u>19,000</u>	<u>12,000</u>

During the year retirement benefits were accruing to 1 director (2011 - 1) in respect of defined contribution pension schemes

Notes to the financial statements

For the year ended 31 October 2012

6. Interest payable

	2012	2011
	£	£
On hire purchase contracts	1,283	465

7. Taxation

	2012	2011
	£	£
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	40,338	61,000
Adjustments in respect of prior periods	272	-
Total current tax	40,610	61,000
Deferred tax (see note 13)		
Origination and reversal of timing differences	18,170	(7,306)
Tax on profit on ordinary activities	58,780	53,694

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2011 - higher than) the standard rate of corporation tax in the UK of 24.83% (2011 - 26.83%). The differences are explained below:

	2012	2011
	£	£
Profit on ordinary activities before tax	244,276	225,691
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24.83% (2011 - 26.83%)	60,654	60,553
Effects of:		
Expenses not deductible for tax purposes	-	965
Difference between capital allowances for year and depreciation charge	(16,429)	3,540
Adjustments to tax charge in respect of prior periods	272	-
Other timing differences leading to an increase (decrease) in taxation	-	71
Marginal relief	(3,887)	(4,129)
Current tax charge for the year (see note above)	40,610	61,000

Notes to the financial statements

For the year ended 31 October 2012

8. Tangible fixed assets

	Plant & machinery £	Motor vehicles £	Computer equipment £	Total £
Cost				
At 1 November 2011	13,627	316,008	11,079	340,714
Additions	-	90,380	-	90,380
Disposals	-	(180,462)	-	(180,462)
At 31 October 2011	13,627	225,926	11,079	250,632
Depreciation				
At 1 November 2011	13,627	303,036	11,079	327,742
Charge for the year	-	27,022	-	27,022
On disposals	-	(179,010)	-	(179,010)
At 31 October 2012	13,627	151,048	11,079	175,754
Net book value				
At 31 October 2012	-	74,878	-	74,878
At 31 October 2011	-	12,972	-	12,972

Included within the net book value of £74,878 (2011 £12,972) is £74,878 (2011 £nil) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £15,502 (2011 £nil).

9. Stocks

	2012 £	2011 £
Raw materials	138,200	68,770

10. Debtors

	2012 £	2011 £
Trade debtors	540,181	363,846
Amounts owed by group undertakings	184,378	176,133
Prepayments and accrued income	6,768	9,017
Deferred tax asset (see note 13)	5,412	23,582
	736,739	572,578

Notes to the financial statements

For the year ended 31 October 2012

11. Creditors:**Amounts falling due within one year**

	2012	2011
	£	£
Net obligations under hire purchase contracts	19,960	-
Trade creditors	474,099	445,389
Amounts owed to group undertakings	87,304	138,092
Corporation tax	40,338	60,362
Social security and other taxes	77,585	84,935
Accruals and deferred income	128,985	99,693
	<u>828,271</u>	<u>828,471</u>

The net obligations under hire purchase contracts are secured on the assets to which they relate

12. Creditors:**Amounts falling due after more than one year**

	2012	2011
	£	£
Net obligations under hire purchase contracts	<u>27,890</u>	<u>-</u>

Obligations under hire purchase contracts, included above, are payable as follows

	2012	2011
	£	£
Between one and five years	<u>27,890</u>	<u>-</u>

13. Deferred tax asset

	2012	2011
	£	£
At beginning of year	23,582	16,276
Movement	(18,170)	7,306
At end of year	<u>5,412</u>	<u>23,582</u>

The deferred tax asset is made up as follows

	2012	2011
	£	£
Excess of depreciation over taxation allowances	<u>5,412</u>	<u>23,582</u>

Notes to the financial statements

For the year ended 31 October 2012

14. Share capital

	2012 £	2011 £
Allotted, called up and fully paid		
600 Ordinary shares of £1 each	600	600

15. Reserves

	Profit and loss account £
At 1 November 2011	339,696
Profit for the year	185,496
Dividends Equity capital	(100,000)
At 31 October 2012	425,192

16. Reconciliation of movement in shareholders' funds

	2012 £	2011 £
Opening shareholders' funds	340,296	168,299
Profit for the year	185,496	171,997
Dividends (Note 17)	(100,000)	-
Closing shareholders' funds	425,792	340,296

17. Dividends

	2012 £	2011 £
Dividends paid during the year, equity dividends of £166 67 per ordinary share (2011 £nil)	100,000	-

18. Contingent liabilities

The group bank overdraft facility of Aqua Fabrications Limited and Aqua Signal and Telegraphic Systems Limited, both connected undertakings, is secured by a cross guarantee and debenture over all of the assets of Aqua Geocomposites Limited. As at 31 October 2012 the maximum potential liability was £Nil (2011 £Nil)

There were no other contingent liabilities at 31 October 2012 or 31 October 2011

Notes to the financial statements

For the year ended 31 October 2012

19. Operating lease commitments

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

	Land and buildings	
	2012	2011
	£	£
Expiry date:		
Within 1 year	13,000	13,000

20. Capital commitments

As at 31 October 2012 the company had capital commitments of £Nil (2011 £Nil)

21. Related party transactions

As a wholly owned subsidiary of Aqua Fabrications Limited, the company is exempt from the requirements of FRS 8 to disclose transactions with other members of the group headed by Aqua Fabrications Limited as consolidated accounts are prepared

22. Controlling party

The directors consider that the ultimate parent undertaking of this company is Aqua Fabrications Limited, which is incorporated in England and Wales. This is also the company's ultimate controlling party.

The largest group in which the results of the company are consolidated is that headed by Aqua Fabrications Limited. The consolidated accounts of this company are available to the public and may be obtained from the company's registered office.