C. House

Grant Thornton

Financial Statements
Linear Composites Limited

For the year ended 31 December 2011



Registered number: 2380921

Company Information

Directors	M Finelli S Miller T Balderson P Staten L Penzo
Company secretary	I Prince
Company number	2380921
Registered office	7600 The Quorum Oxford Business Park North OXFORD OX4 2JZ
Auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 3140 Rowan Place John Smith Drive Oxford Business Park South OXFORD OX4 2WB
Bankers	HSBC Bank plc 196 Oxford Street LONDON W1D 1NT

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Directors' report

For the year ended 31 December 2011

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

Principal activities

The principal activity for the year was the extrusion of textile reinforced plastic composite materials

The profit for the year, after taxation, amounted to £1,135,013 (2010 £850,323)

Directors

The directors who served during the year were

M Finelli
S Miller
T Balderson
P Staten
L Penzo

The directors recommended a dividend of £350,000 (2010 £1,050,000), £Nil was outstanding at the year end (2010 £Nil)

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

Directors' report

For the year ended 31 December 2011

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

Auditor

Under section 487(2) of the Companies Act 2006, Grant Thornton UK LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the Registrar, whichever is earlier

In preparing this report, the directors have taken advantage of the small companies exemptions provided by part 15 section 415A of the Companies Act 2006

This report was approved by the board on 28 March 2012 and signed on its behalf



I Prince
Secretary

Grant Thornton

Independent auditor's report to the members of Linear Composites Limited

We have audited the financial statements of Linear Composites Limited for the year ended 31 December 2011, 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 the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities)

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 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 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, 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 Linear Composites 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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Directors' report

Grant Thornton UK LLP

Kathleen Fidgeon (Senior statutory auditor)
for and on behalf of
Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor
OXFORD

29 March 2012

Profit and loss account

For the year ended 31 December 2011

	Note	2011 £	2010 £
Turnover	1,2	**6,197,163**	5,539,498
Cost of sales		**(4,274,409)**	(3,650,540)
Gross profit		**1,922,754**	1,888,958
Administrative expenses		**(762,256)**	(914,859)
Operating profit	3	**1,160,498**	974,099
Interest receivable and similar income	4	**2,944**	5,657
Interest payable and similar charges	5	**(30,208)**	(16,207)
Profit on ordinary activities before taxation		**1,133,234**	963,549
Tax on profit on ordinary activities	6	**1,779**	(113,226)
Profit for the financial year	13	**1,135,013**	850,323

The notes on pages 7 to 13 form part of these financial statements

Linear Composites Limited
Registered number: 2380921

Balance sheet

As at 31 December 2011

	Note	£	2011 £	£	2010 £
Fixed assets					
Tangible assets	7		**113,606**		136,472
Current assets					
Stocks	8	**1,574,180**		928,738	
Debtors	9	**1,162,039**		1,290,053	
Cash at bank		**1,218,379**		17,202	
		3,954,598		2,235,993	
Creditors. amounts falling due within one year	10	**(2,313,362)**		(1,400,857)	
Net current assets			**1,641,236**		835,136
Total assets less current liabilities			**1,754,842**		971,608
Provisions for liabilities					
Deferred tax	11		**(9,409)**		(11,188)
Net assets			**1,745,433**		960,420
Capital and reserves					
Called up share capital	12		**2**		2
Profit and loss account	13		**1,745,431**		960,418
Shareholders' funds	14		**1,745,433**		960,420

The financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 March 2012

P Staten
Director

The notes on pages 7 to 13 form part of these financial statements

Notes to the financial statements

For the year ended 31 December 2011

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 Financial Reporting Standard for Smaller Entities (effective April 2008)

The principal accounting policies of the company are set out below, and remain unchanged from the prior period

1.2 Cash flow

The financial statements do not include a Cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under the Financial Reporting Standard for Smaller Entities (effective April 2008)

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

Revenue is recognised when title or risk of loss passes to the customer In respect of contracts for on-going services, turnover represents the value of work done in the year, including estimates of amounts not invoiced Revenue is recognised with reference to the stage of completion of the long term contracts

Royalty income is recognised when Linear Composite technology has been used by a third party

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	-	5-20% straight line
Computer equipment	-	20% straight line

1.5 Operating leases

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

1.6 Stocks and work in progress

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

Work in progress is valued on the basis of direct costs plus attributable overheads based on a normal level of activity A provision is made for any foreseeable losses where appropriate No element of profit is included in work in progress

Notes to the financial statements

For the year ended 31 December 2011

1. Accounting policies (continued)

1.7 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 8 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate 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

1.9 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year The assets of the scheme are held separately from those of the company

1.10 Financial Instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into An equity instrument is any contract hat evidences a residual interest in the assets of the entity after deducting all of its financial liabilities

Dividends are distributions relating to equity instruments are debited directly to equity

2. Turnover

73 1% of the company's turnover (2010 - 88 7%) is attributable to geographical markets outside the United Kingdom

Notes to the financial statements

For the year ended 31 December 2011

3. Operating profit

The operating profit is stated after charging

	2011	2010
	£	£
Depreciation of tangible fixed assets		
- owned by the company	**22,866**	26,572
Auditors' remuneration	**15,225**	14,500
Loss on disposal of fixed assets	**-**	523
Net loss on foreign currency translation	**51,371**	70,271

During the year, no director received any emoluments (2010 - £nil) All emoluments were paid through the parent company, Maccaferri Limited a company incorporated in England and Wales

4. Interest receivable

	2011	2010
	£	£
Interest receivable from group companies	**2,944**	5,657

5. Interest payable

	2011	2010
	£	£
On bank loans and overdrafts	**16,548**	16,207
On loans from group undertakings	**13,660**	-
	30,208	16,207

6. Taxation

	2011	2010
	£	£
Analysis of tax charge in the year		
Current tax		
UK corporation tax charge on profit for the year	**-**	102,057
Deferred tax (see note 11)		
Origination and reversal of timing differences	**(1,779)**	11,169
Tax on profit on ordinary activities	**(1,779)**	113,226

Notes to the financial statements

For the year ended 31 December 2011

6. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2010 - lower than) the standard rate of corporation tax in the UK of 26 5% (2010 - 28%) The differences are explained below

	2011	2010
	£	£
Profit on ordinary activities before tax	**1,133,234**	963,549
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26 5 % (2010 - 28%)	**300,307**	269,794
Effects of:		
Group relief	**(300,307)**	(167,737)
Current tax charge for the year (see note above)	**-**	102,057

7. Tangible fixed assets

	Long Term Leasehold Property	Plant & machinery	Computer equipment	Total
	£	£	£	£
Cost				
At 1 January 2011 and 31 December 2011	**1**	**1,522,311**	**141,992**	**1,664,304**
Depreciation				
At 1 January 2011	**-**	**1,386,657**	**141,175**	**1,527,832**
Charge for the year	**-**	**22,474**	**392**	**22,866**
At 31 December 2011	**-**	**1,409,131**	**141,567**	**1,550,698**
Net book value				
At 31 December 2011	**1**	**113,180**	**425**	**113,606**
At 31 December 2010	1	135,654	817	136,472

Notes to the financial statements

For the year ended 31 December 2011

8. Stocks

	2011	2010
	£	£
Raw materials	**536,226**	329,754
Work in progress	**154,152**	164,064
Finished goods	**883,802**	434,920
	1,574,180	928,738

9. Debtors

	2011	2010
	£	£
Trade debtors	**70,892**	200,510
Amounts owed by group undertakings	**947,009**	870,651
VAT recoverable	**-**	89,377
Other debtors	**139,649**	44,622
Tax recoverable	**4,489**	84,893
	1,162,039	1,290,053

10. Creditors: Amounts falling due within one year

	2011	2010
	£	£
Bank loans and overdrafts	**500,000**	500,000
Trade creditors	**1,195,854**	694,211
Amounts owed to group undertakings	**80,550**	1,407
Social security and other taxes	**23,715**	19,405
Other creditors	**513,243**	185,834
	2,313,362	1,400,857

11. Deferred taxation

	2011	2010
	£	£
At beginning of year	**11,188**	19
(Released during)/charge for year	**(1,779)**	11,169
At end of year	**9,409**	11,188

Notes to the financial statements

For the year ended 31 December 2011

11. Deferred taxation (continued)

The provision for deferred taxation is made up as follows

	2011	2010
	£	£
Accelerated capital allowances	**9,409**	11,188

12. Share capital

	2011	2010
	£	£
Authorised, allotted, called up and fully paid		
2 Ordinary shares of £1 each	**2**	2

13. Reserves

	Profit and loss account
	£
At 1 January 2011	**960,418**
Profit for the year	**1,135,013**
Dividends Equity capital	**(350,000)**
At 31 December 2011	**1,745,431**

14. Reconciliation of movement in shareholders' funds

	2011	2010
	£	£
Opening shareholders' funds	**960,420**	1,160,097
Profit for the year	**1,135,013**	850,323
Dividends (Note 15)	**(350,000)**	(1,050,000)
Closing shareholders' funds	**1,745,433**	960,420

15. Dividends

	2011	2010
	£	£
Dividends paid on equity capital	**350,000**	1,050,000

Notes to the financial statements

For the year ended 31 December 2011

16. Operating lease commitments

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

	Land and buildings	
	2011	2010
	£	£
Expiry date:		
Between 2 and 5 years	**117,500**	110,000

17. Related party transactions

As a wholly-owned subsidiary, the company is exempt from the requirements of Financial Reporting Standard 8 to disclose transactions with other members of the group headed by SECI Societa Esercizi Commerciale e Industriali S p A on the grounds that the accounts of the latter company are publicly available and can be obtained from Via Agresti 6, Bologna, Italy

During the year, the company sold invoices worth £3,113,856 (2010 £2,422,826) to Felsinea, an Italian debt factoring company which is partly owned by Officine Maccaferri S p A and the group's banking partners At the year end £270,879 was outstanding (2010 £nil) and included in other creditors

18. Ultimate parent undertaking and controlling party

The ultimate parent company is considered to be SECI Societa Esercizi Commerciale e Industriali S p A, a company incorporated in Italy, as a result of it owning 100% of the share capital of the parent company, Maccaferri Limited, a company incorporated in England and Wales