

FLAMEPROOFINGS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011
Company Registration No 3084635 (England and Wales)

TUESDAY



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FLAMEPROOFINGS LIMITED

COMPANY INFORMATION

Directors	A M Sciama M E Sciama R N Sciama
Secretary	M E Sciama
Company number	3084635
Registered office	Moss Rose Mill Springfield Road Kearsley Nr Bolton BL4 8JW
Auditors	Beever and Struthers Central Buildings Richmond Terrace Blackburn BB1 7AP

FLAMEPROOFINGS LIMITED

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FLAMEPROOFINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2011

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

Principal activities and review of the business

The principal activity of the company in the year under review was that of the coating of fabrics

The company has continued to grow its sales achieving growth of 1.9% in the current year. Despite this growth, a 2% reduction in margins due to increased raw material prices and the impact of exchange rates has resulted in a decrease in operating profit to £622,756 (2010 £689,355). Profit before tax is £616,228 compared to £684,244 in the previous year.

There has been a net inflow of cash for the year of £365,032 following a restructuring of borrowings. At 31 March 2011 external bank debt had fallen to £717,022.

Given the straightforward nature of the business, the company's directors are of the opinion that further analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business.

Results and dividends

The results for the year are set out on page 5.

Dividends of £900,000 (2010 £nil) have been distributed for the year ended 31 March 2011.

Directors

The following directors have held office since 1 April 2010:

A M Sciamia
M E Sciamia
R N Sciamia

Financial risk management

The company's activities expose it to various financial risks such as credit risk, liquidity risk, interest rate risk and currency risk.

To mitigate the credit risk, the company has policies in place to ensure that sales are made to customers with an appropriate credit history. The company does not currently insure its customer balances.

The company's borrowings are managed to ensure it has sufficient funds available for current operations and future expansion plans. The current borrowings are a mixture of short term and long term debt in the form of a bank overdraft and a long term loan from a related company, all financed at competitive variable rates.

The company is exposed to a number of foreign currencies through its trading activities and borrowings. The company periodically enters into forward exchange contracts in respect of future dollar purchases.

FLAMEPROOFINGS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2011

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 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 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.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



M E Sciana

Director

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FLAMEPROOFINGS LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF FLAMEPROOFINGS LIMITED

We have audited the financial statements of Flameproofings Limited for the year ended 31 March 2011 set out on pages 5 to 18. 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 auditors' 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report 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 March 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

FLAMEPROOFINGS LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF FLAMEPROOFINGS 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

Beever & Struthers

Alan Rowntree (Senior Statutory Auditor)
for and on behalf of Beever and Struthers

Chartered Accountants
Statutory Auditors

20 August 2011

Central Buildings
Richmond Terrace
Blackburn
BB1 7AP

FLAMEPROOFINGS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	2011 £	2010 £
Turnover	2	8,850,953	8,686,967
Cost of sales		(7,390,159)	(7,078,711)
Gross profit		1,460,794	1,608,256
Administrative expenses		(838,038)	(918,901)
Operating profit	3	622,756	689,355
Interest payable and similar charges	4	(6,528)	(5,111)
Profit on ordinary activities before taxation		616,228	684,244
Tax on profit on ordinary activities	5	(183,269)	(197,168)
Profit for the year	16	432,959	487,076

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

FLAMEPROOFINGS LIMITED

BALANCE SHEET

AS AT 31 MARCH 2011

	Notes	2011 £	£	2010 £	£
Fixed assets					
Tangible assets	7		50,777		57,949
Investments	8		1		-
			<u>50,778</u>		<u>57,949</u>
Current assets					
Stocks	9	1,575,704		1,159,586	
Debtors	10	1,858,749		2,076,812	
		<u>3,434,453</u>		<u>3,236,398</u>	
Creditors: amounts falling due within one year	11	<u>(1,596,630)</u>		<u>(1,788,705)</u>	
Net current assets			<u>1,837,823</u>		<u>1,447,693</u>
Total assets less current liabilities			<u>1,888,601</u>		<u>1,505,642</u>
Creditors: amounts falling due after more than one year	12		<u>(850,000)</u>		<u>-</u>
			<u>1,038,601</u>		<u>1,505,642</u>
Capital and reserves					
Called up share capital	15		10,000		10,000
Profit and loss account	16		1,028,601		1,495,642
Shareholders' funds	17		<u>1,038,601</u>		<u>1,505,642</u>

Approved by the Board and authorised for issue on 26.8.2011


M E Sciana
Director

Company Registration No 3084635

FLAMEPROOFINGS LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2011

	£	2011 £	£	2010 £
Net cash inflow/(outflow) from operating activities		679,939		(109,799)
Returns on investments and servicing of finance				
Interest paid	(6,528)		(5,111)	
Net cash outflow for returns on investments and servicing of finance		(6,528)		(5,111)
Taxation		(242,168)		(11,288)
Capital expenditure and financial investment				
Payments to acquire tangible assets	(16,210)		(12,095)	
Payments to acquire investments	(1)		-	
Net cash outflow for capital expenditure and financial investment		(16,211)		(12,095)
Equity dividends paid		(900,000)		-
Net cash outflow before management of liquid resources and financing		(484,968)		(138,293)
Financing				
Other new long term loans	850,000		-	
Directors loan receipt	900,000		-	
Directors loan repayment	(900,000)		-	
Net cash inflow/(outflow) from financing		850,000		-
Increase/(decrease) in cash in the year		365,032		(138,293)

FLAMEPROOFINGS LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2011

1	Reconciliation of operating profit to net cash inflow/(outflow) from operating activities	2011		2010	
		£		£	
	Operating profit	622,756		689,355	
	Depreciation of tangible assets	23,382		23,039	
	Increase in stocks	(416,118)		(383,998)	
	Decrease/(increase) in debtors	218,063		(528,635)	
	Increase in creditors within one year	231,856		90,440	
	Net cash inflow/(outflow) from operating activities	679,939		(109,799)	
2	Analysis of net debt	1 April 2010	Cash flow	Other non- cash changes	31 March 2011
		£	£	£	£
	Net cash				
	Bank overdrafts	(1,082,054)	365,032	-	(717,022)
	Debt				
	Loans from companies under common control	-	(850,000)	-	(850,000)
	Net debt	(1,082,054)	(484,968)	-	(1,567,022)
3	Reconciliation of net cash flow to movement in net debt	2011		2010	
		£		£	
	Increase/(decrease) in cash in the year	365,032		(138,293)	
	Cash inflow from increase in debt	(850,000)		-	
	Movement in net debt in the year	(484,968)		(138,293)	
	Opening net debt	(1,082,054)		(943,761)	
	Closing net debt	(1,567,022)		(1,082,054)	

FLAMEPROOFINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

1.2 Turnover

Turnover represents net invoiced sales of goods, excluding value added tax

Turnover is recognised when goods are despatched to customers

1.3 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 less residual value of each asset over its expected useful life, as follows

Leased property improvements	20% on cost
Plant and machinery	20% on cost
Motor vehicles	25% on cost

1.4 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term

1.5 Investments

Fixed asset investments are stated at cost less provision for diminution in value

1.6 Stock

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost includes all direct expenditure and appropriate production overheads

1.7 Pensions

The company contributes to externally managed defined contribution personal pension schemes on behalf of certain employees. The contributions payable are charged to the profit and loss account in the period to which they relate

1.8 Deferred taxation

Deferred taxation arises when profits and surpluses are recognised in the financial statements in one period but are assessed to corporation tax in another

Except where otherwise required by accounting standards, full provision without discounting is made for all timing differences which have arisen but not reversed at the balance sheet date

1.9 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account

1.10 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertaking comprise a small-sized group. The company has therefore taken advantage of the exemptions provided by section 399 of the Companies Act 2006 not to prepare group accounts

FLAMEPROOFINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2011

2 Turnover

Geographical market

	Turnover 2011 £	2010 £
Home sales	6,606,107	7,174,229
Export sales	2,244,846	1,512,738
	<u>8,850,953</u>	<u>8,686,967</u>

3 Operating profit

	2011 £	2010 £
Operating profit is stated after charging		
Depreciation of tangible assets	23,382	23,039
Operating lease rentals	165,000	165,000
Fees payable to the company's auditor for the audit of the company's annual accounts	<u>6,500</u>	<u>6,500</u>

4 Interest payable

	2011 £	2010 £
On bank loans and overdrafts	6,416	4,588
On overdue tax	<u>112</u>	<u>523</u>
	<u>6,528</u>	<u>5,111</u>

FLAMEPROOFINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2011

5	Taxation	2011 £	2010 £
	Domestic current year tax		
	U K corporation tax	183,269	197,168
	Total current tax	<u>183,269</u>	<u>197,168</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>616,228</u>	<u>684,244</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28.00% (2010 - 28.00%)	<u>172,544</u>	<u>191,588</u>
	Effects of		
	Expenses not deductible for tax purposes	10,246	6,440
	Capital allowances less than / (in excess of) depreciation	479	(860)
		<u>10,725</u>	<u>5,580</u>
	Current tax charge for the year	<u>183,269</u>	<u>197,168</u>
6	Dividends	2011 £	2010 £
	Ordinary interim paid	<u>900,000</u>	<u>-</u>

FLAMEPROOFINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2011

7 Tangible fixed assets

	Leased property improve- ments £	Plant and machinery £	Motor vehicles £	Total £
Cost				
At 1 April 2010	62,505	1,472,035	19,725	1,554,265
Additions	-	16,210	-	16,210
At 31 March 2011	62,505	1,488,245	19,725	1,570,475
Depreciation				
At 1 April 2010	33,035	1,446,019	17,262	1,496,316
Charge for the year	8,500	12,419	2,463	23,382
At 31 March 2011	41,535	1,458,438	19,725	1,519,698
Net book value				
At 31 March 2011	20,970	29,807	-	50,777
At 31 March 2010	29,470	26,016	2,463	57,949

FLAMEPROOFINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2011

8 Fixed asset investments

	Shares in subsidiary undertakings £
Cost	
At 1 April 2010	-
Additions	1
At 31 March 2011	1
Net book value	
At 31 March 2011	1

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies

Company	Country of registration or incorporation	Class	Shares held %
Subsidiary undertakings			
Culp UK Limited	England	Ordinary	100.00

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows

	Principal activity	Capital and reserves 2011 £	Profit/(loss) for the year 2011 £
Culp UK Limited	Dormant	1	-

Culp UK Limited was incorporated on 9 March 2011, with Flameproofings Limited as the sole shareholder

9 Stocks	2011 £	2010 £
Raw materials and consumables	1,160,133	831,413
Finished goods and goods for resale	415,571	328,173
	1,575,704	1,159,586

FLAMEPROOFINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2011

10 Debtors	2011 £	2010 £
Trade debtors	1,853,399	2,065,812
Other debtors	5,350	11,000
	<u>1,858,749</u>	<u>2,076,812</u>

11 Creditors' amounts falling due within one year	2011 £	2010 £
Bank loans and overdrafts	717,022	1,082,054
Trade creditors	582,565	407,193
Corporation tax	138,269	197,168
Other taxes and social security costs	81,082	24,409
Accruals and deferred income	77,692	77,881
	<u>1,596,630</u>	<u>1,788,705</u>

The bank borrowings are secured by the following

- i) Fixed and floating charge over the assets of the company,
- ii) Cross guarantees and Debentures between companies under common control,
- iii) First legal charge over certain land and buildings held by the companies under common control,
- iv) First legal charge over certain land and buildings held by A M Sciana, M E Sciana and R N Sciana,
- v) Joint and several guarantee limited to £750,000 from A M Sciana, M E Sciana and R N Sciana in respect of total borrowings of companies under common control

12 Creditors: amounts falling due after more than one year	2011 £	2010 £
Other loans	<u>850,000</u>	<u>-</u>

The other loan is unsecured. There are no final repayment terms but the directors have obtained confirmation that the loan will not be withdrawn before 31 March 2012.

FLAMEPROOFINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2011

13 Provisions for liabilities

Deferred taxation provided in the financial statements and the amounts not provided are as follows

	Not provided		Provided	
	2011	2010	2011	2010
	£	£	£	£
Accelerated capital allowances	(15,759)	(18,205)	-	-
	<u>(15,759)</u>	<u>(18,205)</u>	<u>-</u>	<u>-</u>

14 Pension and other post-retirement benefit commitments

The company contributes to externally managed defined contribution personal pension schemes on behalf of certain employees. The pension cost charge represents contributions payable by the company to the funds and amounted to £9,159 (2010 £3,035). No contributions were outstanding at the year end.

15 Share capital

	2011	2010
	£	£
Allotted, called up and fully paid		
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

16 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 April 2010	1,495,642
Profit for the year	432,959
Dividends paid	<u>(900,000)</u>
Balance at 31 March 2011	<u>1,028,601</u>

FLAMEPROOFINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2011

17 Reconciliation of movements in shareholders' funds	2011 £	2010 £
Profit for the financial year	432,959	487,076
Dividends	(900,000)	-
Net (depletion in)/addition to shareholders' funds	(467,041)	487,076
Opening shareholders' funds	1,505,642	1,018,566
Closing shareholders' funds	1,038,601	1,505,642

18 Contingent liabilities

There is a contingent liability in respect of a cross guarantee given to the company's bankers relating to the borrowings of certain companies under common control amounting to £3,260,165 (2010 £2,841,090)

There is a contingent liability in respect of a guarantee given to a hire purchase lender to a company under common control, amounting to £242,659 (2010 n/a)

19 Financial commitments

At 31 March 2011 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 March 2012

	Land and buildings	
	2011 £	2010 £
Operating leases which expire Within one year	140,000	140,000

FLAMEPROOFINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2011

20 Employees

Number of employees

The average monthly number of employees (including directors) during the year was

	2011 Number	2010 Number
Management	7	7
Production	25	23
	<u>32</u>	<u>30</u>

Employment costs

	2011 £	2010 £
Wages and salaries	635,473	587,314
Social security costs	58,899	55,952
Other pension costs	9,159	3,035
	<u>703,531</u>	<u>646,301</u>

FLAMEPROOFINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2011

21 Related party transactions

The company is controlled by A M Sciamia, M E Sciamia and R N Sciamia who together control 90% of the share capital

These three individuals also control Tame Valley Padding Company Limited, Stormproofings Limited, AMR Textiles Limited and Takehot Limited Details of related party banking arrangements and guarantees are given in notes 11 and 18

Transactions and balances with companies under common control are summarised as follows -

	2011 £	2010 £
Included within the profit and loss account		
Sales to companies under common control	36,227	13,667
Purchases from companies under common control	267,476	293,701
Management charge from company under common control	360,000	390,000
Rent payable to a company under common control	25,000	40,000
Included within the balance sheet		
Amounts due from companies under common control	-	4,777
Amounts owed to companies under common control	15,518	-
Loan amounts owed to companies under common control	850,000	-

The company occupies a property which is leased from a Sciamia family trust of which A M Sciamia is a trustee Annual rent payable in respect of this property amounts to £72,000 (2010 - £72,000)

The company also occupies properties leased from A M Sciamia, M E Sciamia and R N Sciamia Rent payable during the year amounted to £68,000 (2010 - £53,000)

At 31 March 2011 other loans include £850,000 owed to Tame Valley Padding Co Limited This loan is unsecured and has no formal repayment term but the directors have obtained confirmation that the loan will not be withdrawn before 31 March 2012 Interest is charged within the management charge (see above)

During the year dividends amounting to £900,000 (2010 - £Nil) were paid to the directors