

FLAMEPROOFINGS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012
Company Registration No. 3084635 (England and Wales)

THURSDAY



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FLAMEPROOFINGS LIMITED

COMPANY INFORMATION

Directors	A M Sciana M E Sciana R N Sciana
Secretary	M E Sciana
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 2012

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

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 enjoyed another successful year achieving sales growth of 15.3%. A 2.8% increase in margins has contributed to an increase in operating profit to £882,056 (2011 £622,756). Profit before tax is £875,704 compared to £616,228 in the previous year.

There has been a net inflow of cash for the year of £683,465 which is stated after an inflow of £470,767 in respect of a loan from a company under common control. At 31 March 2012 external bank debt had fallen to £33,557.

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 £nil (2011 £900,000) have been distributed for the year ended 31 March 2012.

Directors

The following directors have held office since 1 April 2011:

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 2012

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

30.8.2012

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 2012 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 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.

FLAMEPROOFINGS LIMITED

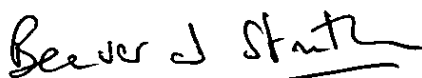
INDEPENDENT AUDITORS' REPORT (CONTINUED)

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



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

3 September 2012

Chartered Accountants
Statutory Auditors

Central Buildings
Richmond Terrace
Blackburn
BB1 7AP

FLAMEPROOFINGS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2012

	Notes	2012 £	2011 £
Turnover	2	10,208,659	8,850,953
Cost of sales		(8,239,361)	(7,390,159)
Gross profit		1,969,298	1,460,794
Administrative expenses		(1,087,242)	(838,038)
Operating profit	3	882,056	622,756
Interest payable and similar charges	4	(6,352)	(6,528)
Profit on ordinary activities before taxation		875,704	616,228
Tax on profit on ordinary activities	5	(237,495)	(183,269)
Profit for the year	16	638,209	432,959

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 2012

	Notes	2012 £	£	2011 £	£
Fixed assets					
Tangible assets	7	114,116		50,777	
Investments	8	1		1	
		<u>114,117</u>		<u>50,778</u>	
Current assets					
Stocks	9	1,652,080	1,575,704		
Debtors	10	2,028,729	1,858,749		
		<u>3,680,809</u>	<u>3,434,453</u>		
Creditors. amounts falling due within one year	11	<u>(1,018,116)</u>	<u>(1,596,630)</u>		
Net current assets		<u>2,662,693</u>		<u>1,837,823</u>	
Total assets less current liabilities		<u>2,776,810</u>		<u>1,888,601</u>	
Creditors. amounts falling due after more than one year	12	<u>(1,100,000)</u>		<u>(850,000)</u>	
		<u>1,676,810</u>		<u>1,038,601</u>	
Capital and reserves					
Called up share capital	15	10,000	10,000		
Profit and loss account	16	1,666,810	1,028,601		
Shareholders' funds	17	<u>1,676,810</u>		<u>1,038,601</u>	

Approved by the Board and authorised for issue on 30.8.2012



M E Sciana
Director

Company Registration No 3084635

FLAMEPROOFINGS LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2012

	£	2012 £	£	2011 £
Net cash inflow from operating activities		452,969		679,939
Returns on investments and servicing of finance				
Interest paid	(6,352)		(6,528)	
Net cash outflow for returns on investments and servicing of finance		(6,352)		(6,528)
Taxation		(138,269)		(242,168)
Capital expenditure and financial investment				
Payments to acquire tangible assets	(97,150)		(16,210)	
Payments to acquire investments	-		(1)	
Receipts from sales of tangible assets	1,500		-	
Net cash outflow for capital expenditure and financial investment		(95,650)		(16,211)
Equity dividends paid		-		(900,000)
Net cash inflow/(outflow) before management of liquid resources and financing		212,698		(484,968)
Financing				
Other new long term loans	250,000		850,000	
Other new short term loans	220,767		-	
Directors loan receipt	-		900,000	
Directors loan repayment	-		(900,000)	
Net cash inflow from financing		470,767		850,000
Increase in cash in the year		683,465		365,032

FLAMEPROOFINGS LIMITED

NOTES TO THE CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2012

1	Reconciliation of operating profit to net cash inflow from operating activities	2012	2011
		£	£
	Operating profit	882,056	622,756
	Depreciation of tangible assets	33,811	23,382
	Profit on disposal of tangible assets	(1,500)	-
	Increase in stocks	(76,376)	(416,118)
	(Increase)/decrease in debtors	(169,980)	218,063
	(Decrease)/increase in creditors within one year	(215,042)	231,856
	Net cash inflow from operating activities	452,969	679,939

2	Analysis of net debt	1 April 2011	Cash flow	Other non- 31 March 2012
			cash changes	
		£	£	£
	Net cash			
	Bank overdrafts	(717,022)	683,465	(33,557)
	Debt			
	Loans from companies under common control	(850,000)	(470,767)	(1,320,767)
	Net debt	(1,567,022)	212,698	(1,354,324)

3	Reconciliation of net cash flow to movement in net debt	2012	2011
		£	£
	Increase in cash in the year	683,465	365,032
	Cash inflow from increase in debt	(470,767)	(850,000)
	Movement in net debt in the year	212,698	(484,968)
	Opening net debt	(1,567,022)	(1,082,054)
	Closing net debt	(1,354,324)	(1,567,022)

FLAMEPROOFINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

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 2012

2 Turnover

Geographical market

	Turnover 2012 £	2011 £
Home sales	5,537,206	6,606,107
Export sales	4,671,453	2,244,846
	<u>10,208,659</u>	<u>8,850,953</u>

3 Operating profit

	2012 £	2011 £
Operating profit is stated after charging		
Depreciation of tangible assets	33,811	23,382
Operating lease rentals	170,000	165,000
Fees payable to the company's auditor for the audit of the company's annual accounts	8,500	6,500
and after crediting		
Profit on disposal of tangible assets	<u>(1,500)</u>	<u>-</u>

4 Interest payable

	2012 £	2011 £
On bank loans and overdrafts	5,451	6,416
On overdue tax	901	112
	<u>6,352</u>	<u>6,528</u>

FLAMEPROOFINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2012

5	Taxation	2012	2011
		£	£
	Domestic current year tax		
	U K corporation tax	237,495	183,269
	Total current tax	<u>237,495</u>	<u>183,269</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>875,704</u>	<u>616,228</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 26.00% (2011 - 28.00%)	<u>227,683</u>	<u>172,544</u>
	Effects of		
	Expenses not deductible for tax purposes	10,120	10,246
	Capital allowances (in excess of)/less than depreciation	(308)	479
		<u>9,812</u>	<u>10,725</u>
	Current tax charge for the year	<u>237,495</u>	<u>183,269</u>
6	Dividends	2012	2011
		£	£
	Ordinary interim paid	<u>-</u>	<u>900,000</u>

FLAMEPROOFINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2012

7 Tangible fixed assets

	Leased property improve- ments £	Plant and machinery £	Motor vehicles £	Total £
Cost				
At 1 April 2011	62,505	1,488,245	19,725	1,570,475
Additions	8,250	33,183	55,717	97,150
Disposals	-	-	(19,725)	(19,725)
At 31 March 2012	70,755	1,521,428	55,717	1,647,900
Depreciation				
At 1 April 2011	41,535	1,458,438	19,725	1,519,698
On disposals	-	-	(19,725)	(19,725)
Charge for the year	10,152	14,511	9,148	33,811
At 31 March 2012	51,687	1,472,949	9,148	1,533,784
Net book value				
At 31 March 2012	19,068	48,479	46,569	114,116
At 31 March 2011	20,970	29,807	-	50,777

FLAMEPROOFINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2012

8 Fixed asset investments

	Shares in subsidiary undertakings £
Cost	
At 1 April 2011 & at 31 March 2012	1
Net book value	
At 31 March 2012	1
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

		Capital and reserves 2012 £	Profit/(loss) for the year 2012 £
	Principal activity		
Culp UK Limited	Dormant	1	-

Subsequent to the year end an application has been submitted to Companies House to strike off the company

9 Stocks	2012 £	2011 £
Raw materials and consumables	1,079,297	1,160,133
Finished goods and goods for resale	572,783	415,571
	<u>1,652,080</u>	<u>1,575,704</u>

FLAMEPROOFINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2012

10 Debtors	2012 £	2011 £
Trade debtors	2,022,629	1,853,399
Other debtors	6,100	5,350
	<u>2,028,729</u>	<u>1,858,749</u>
11 Creditors: amounts falling due within one year	2012 £	2011 £
Bank loans and overdrafts	33,557	717,022
Trade creditors	377,010	582,565
Corporation tax	237,495	138,269
Other taxes and social security costs	82,586	81,082
Other creditors	220,767	-
Accruals and deferred income	66,701	77,692
	<u>1,018,116</u>	<u>1,596,630</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 Sciamia, M E Sciamia and R N Sciamia,
- v) Joint and several guarantee limited to £750,000 from A M Sciamia, M E Sciamia and R N Sciamia in respect of total borrowings of companies under common control

12 Creditors amounts falling due after more than one year	2012 £	2011 £
Other loans	<u>1,100,000</u>	<u>850,000</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 2013.

FLAMEPROOFINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2012

13 Provisions for liabilities

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

	Not provided		Provided	
	2012	2011	2012	2011
	£	£	£	£
Accelerated capital allowances	(12,171)	(15,759)	-	-
	<u>(12,171)</u>	<u>(15,759)</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 £209,159 (2011 £9,159). No contributions were outstanding at the year end.

15 Share capital

	2012	2011
	£	£
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 2011	1,028,601
Profit for the year	<u>638,209</u>
Balance at 31 March 2012	<u>1,666,810</u>

FLAMEPROOFINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2012

17 Reconciliation of movements in shareholders' funds	2012	2011
	£	£
Profit for the financial year	638,209	432,959
Dividends	-	(900,000)
Net addition to/(depletion in) shareholders' funds	638,209	(467,041)
Opening shareholders' funds	1,038,601	1,505,642
Closing shareholders' funds	1,676,810	1,038,601

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 £3,109,446 (2011 £3,260,165)

There is a contingent liability in respect of a guarantee given to a hire purchase lender to a company under common control, amounting to £146,656 (2011 £242,659)

19 Financial commitments

At 31 March 2012 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 March 2013

	Land and buildings	
	2012	2011
	£	£
Operating leases which expire		
Within one year	140,000	140,000

20 Directors' remuneration	2012	2011
	£	£
Company pension contributions to defined contribution schemes	200,000	-

FLAMEPROOFINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2012

21 Employees

Number of employees

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

	2012 Number	2011 Number
Management	7	7
Production	23	25
	<u>30</u>	<u>32</u>

Employment costs

	2012 £	2011 £
Wages and salaries	650,322	635,473
Social security costs	63,535	58,899
Other pension costs	209,159	9,159
	<u>923,016</u>	<u>703,531</u>

FLAMEPROOFINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2012

22 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 -

	2012 £	2011 £
Included within the profit and loss account:		
Sales to companies under common control	17,710	36,227
Purchases from companies under common control	299,244	267,476
Management charge from company under common control	360,000	360,000
Rent payable to a company under common control	30,000	25,000
Included within the balance sheet:		
Amounts owed to companies under common control	8,493	15,518
Loan amounts owed to companies under common control	1,320,767	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 (2011 - £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 (2011 - £68,000)

At 31 March 2012 other creditors and other loans include £1,320,767 (2011 - £850,000) owed to Tame Valley Padding Co Limited. This creditor is unsecured and has no formal repayment term but the directors have obtained confirmation that £1,100,000 (2011 - £850,000) will not be withdrawn before 31 March 2013. Interest is charged within the management charge (see above)

During the year dividends amounting to £Nil (2011 - £900,000) were paid to the directors