

Registered Number 04008521

Seal Analytical Limited
Annual report and accounts
for the year ended 30 November 2011

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Seal Analytical Limited

Annual report and accounts for the year ended 30 November 2011

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Directors' report for the year ended 30 November 2011

The directors present their report and the audited financial statements of the Company for the year ended 30 November 2011

Principal activities

Throughout the year the principal activity of the Company was the sale and servicing of water analysis equipment and related consumables. The Company is a subsidiary of Porvair plc.

Review of business and future developments

The level of business of the Company during the year and its financial position at 30 November 2011 were both considered to be satisfactory. Opportunities for developing the global position of the discrete water analyser continue to be explored. Sales for the year have been impacted by global austerity measures related to public spending. The AQ1, launched last year, has been well received with increasing installed systems giving the board of directors confidence for the future. Further discussion of the business review and future developments, in the context of the Porvair group as a whole, including the Company, is provided in the Chairman and Chief Executive's statement and the Finance Director's review in the Porvair plc annual report, which does not form part of this report.

Research and development

The Company continues a programme of development of its existing systems and new systems to support future growth opportunities. The development is largely completed in-house rather than through third parties.

Key performance indicators

The Company considers its key performance indicators to be revenue growth and operating margin, revenue from new products, profit before tax growth and return on capital employed. Further discussion of these key performance indicators, in the context of the group as a whole, including the Company, is provided in the Chairman and Chief Executive's statement and the Finance Director's review in the Porvair plc annual report, which does not form part of this report.

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks. Further discussion of these risks and uncertainties, in the context of the group as a whole, including the Company, is provided on pages 14 and 15 of the Porvair plc annual report, which does not form part of this report.

Financial risk management

The Company's operations expose it to a variety of financial risks that include the effects of liquidity risk, foreign exchange risk and credit risk. The Company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company. Given the size of the Company, the Directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of Directors are implemented by the Company's finance department.

Liquidity risk

The ultimate parent company ensures the Company has sufficient available funds for operations and planned growth.

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Directors' report for the year ended 30 November 2011 (continued)

Financial risk management (continued)

Foreign exchange risk

The Company sells its products in both US dollars and Euros and is exposed to exchange rate movements. The exposure to exchange rate movements is partially mitigated by purchases in those currencies and inter-company loan balances, in addition to which, the Company selectively enters into forward currency contracts in relation to its principal foreign currency denominated revenues to reduce the impact of exchange rate movements.

Credit risk

The Company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed annually.

Results and dividends

The Company's results for the year are shown on page 6. The Company made a profit after tax of £334,000 in the year (2010: £93,000). The Directors have not paid or proposed any dividends in the year (2010: £Nil).

Directors

The directors who were in office during the year and up to the date of signing the financial statements were as follows:

B D W Stocks
C P Tyler
I Stirling
S Smith

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 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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Directors' report for the year ended 30 November 2011 (continued)

Statement of Directors' responsibilities (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.

Directors' responsibility for provision of information to the Auditors

In accordance with Section 418 of the Companies Act 2006, each director in office at the date the directors' report is approved, has confirmed that

(a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) he 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.

Employment policies

The Company's employment policies encourage the provision of employment opportunities for disabled people, racial minorities and other disadvantaged groups. The Company endeavours to keep its employees well informed about the progress of their company.

Post balance sheet event

On 5 December 2011, the Company purchased the Block Digestion product range from AIM Lab Automation Technologies Pty Limited based in Australia. The total initial consideration was £458,000 with further consideration paid in April 2012 of £27,000 equal to the fair value of the remaining inventory.

Charitable and political contributions

Donations made by the Company for charitable purposes were £Nil (2010: £Nil). There were no political donations in either year.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board



A J W Brooks

Company secretary

25 May 2012

Seal Analytical Limited

Independent auditors' report to the members of Seal Analytical Limited

We have audited the financial statements of Seal Analytical Limited for the year ended 30 November 2011 which comprise the Profit and Loss Account, the Balance Sheet, the Accounting Policies 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).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on pages 2 and 3, 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.

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 person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 annual report and accounts 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 30 November 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.

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Independent auditors' report to the members of Seal Analytical Limited (continued)

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



Christopher Maw (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Cambridge

25 May 2012

Seal Analytical Limited

Profit and loss account for the year ended 30 November 2011

	Note	Year ended 30 November 2011 £'000	Year ended 30 November 2010 £'000
Turnover	1	1,249	1,447
Cost of sales		(758)	(1,003)
Gross profit		491	444
Distribution costs		(135)	(139)
Administrative expenses		(280)	(326)
Operating profit/(loss)	2	76	(21)
Income from fixed asset investments		264	-
Interest receivable and similar income	3	-	8
Interest payable and similar charges	4	-	(10)
Profit/(loss) on ordinary activities before taxation		340	(23)
Tax on profit/(loss) on ordinary activities	7	(6)	116
Profit for the financial year	17,18	334	93

All of the above operations relate to continuing activities

The Company had no recognised gains or losses other than those reported above and therefore no separate statement of total recognised gains and losses has been presented

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Balance sheet as at 30 November 2011

Registered Number: 04008521

	Note	2011 £'000	2010 £'000
Fixed assets			
Tangible assets	8	62	165
Investments	9	17	17
		79	182
Current assets			
Stocks	10	437	186
Debtors amounts falling due after more than one year	11	-	520
Debtors amounts falling due within one year	11	689	219
Cash at bank and in hand		629	415
		1,755	1,340
Creditors: amounts falling due within one year	12	(258)	(280)
Net current assets		1,497	1,060
Total assets less current liabilities		1,576	1,242
Net assets		1,576	1,242
Capital and reserves			
Called up share capital	15	230	230
Share premium account	16	575	575
Profit and loss account	17	771	437
Total shareholders' funds	18	1,576	1,242

The financial statements on pages 6 to 17 were approved by the Board of directors on 25 May 2012 and were signed on its behalf by



C P Tyler
Director

Seal Analytical Limited

Accounting policies

Basis of accounting

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable UK accounting standards. The principal accounting policies, which have been applied consistently, are set out below.

Cash flow statement

The Company has taken advantage from the exemption in Financial Reporting Standard (FRS) 1 (revised 1996) 'Cash flow statements' from publishing a cash flow statement.

Turnover

Turnover is the total amount receivable from external customers for goods and services supplied in the ordinary course of business and excludes value added tax. Turnover is recognised at the point the risks and rewards are transferred, typically once goods are despatched to the customer. Turnover in relation to service contracts is recognised on a straight line basis over the period of the contract.

Tangible fixed assets and depreciation

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

Depreciation is calculated so as to write down the cost, less estimated residual value, of tangible fixed assets by equal annual instalments over their expected useful lives, as follows:

Plant, machinery and equipment	25-33% straight line
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Investments

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

Stock

Stock is valued at the lower of cost and net realisable value. Cost of finished goods and work in progress includes all expenditure incurred in the normal course of business in bringing the stock to its present location and condition and overheads appropriate to the stage of manufacture. Cost is derived based on the weighted average cost of purchased materials. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete and slow-moving items.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Finance lease payments are allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The rental obligations, net of finance charges, are included in current and non-current liabilities. The interest element of the finance cost is charged to the profit and loss account over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Rentals payable under operating leases are charged to the profit and loss account on a straight-line basis over the term of the relevant lease.

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Foreign currency translation

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

Pension contributions

The Company operates a defined contribution scheme for its employees. The pension costs charged in the financial statements represent the contributions payable by the Company during the year.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated on a non-discounted basis at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised.

Exceptional items

In accordance with Financial Reporting Standard (FRS) 3 'Reporting financial performance' the Company presents certain items as exceptional. These are material items which derive from events or transactions that fall within the Company's ordinary activities and which individually or, if of a similar type, in aggregate, need to be separately disclosed by virtue of their size, nature or incidence to enable a full understanding of the Company's financial performance.

Research and development expenditure

All research and development expenditure is written off to the profit and loss account as incurred.

Patents and trademarks

All expenditure on the registration, renewal and maintenance of patents and trade marks is written off to the profit and loss account as incurred.

Consolidated financial statements

The financial statements present information about the Company as an individual undertaking and not about its Group. The Company has not prepared Group accounts as it is exempt from the requirement to do so by section 400 of the Companies Act 2006 as it is a subsidiary undertaking of Porvair plc, a company incorporated in England and Wales, and is included in the consolidated accounts of that company.

Share capital

Ordinary shares are classified as equity.

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Notes to the financial statements for the year ended 30 November 2011

1 Turnover

Turnover is attributable to the principal activity of the Company

An analysis of turnover by geographical destination is given below

	Year ended 30 November 2011 £'000	Year ended 30 November 2010 £'000
United Kingdom	572	506
Europe	95	208
Americas	439	494
Asia	143	239
	1,249	1,447

2 Operating profit/(loss)

	Year ended 30 November 2011 £'000	Year ended 30 November 2010 £'000
Operating profit/(loss) is stated after charging		
Depreciation of tangible fixed assets		
Owned assets	105	23
Leased assets	-	79
Operating lease rentals		
Plant and machinery	28	40
Research and development costs	21	5
Loss on foreign exchange transactions	10	3
Services provided by the Company's auditors		
The Company obtained the following services from the Company's auditors at costs detailed below		
The audit of the Company financial statements pursuant to legislation	5	5
Taxation services	4	5

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3 Interest receivable and similar income

	Year ended 30 November 2011 £'000	Year ended 30 November 2010 £'000
Inter-company interest	-	8

4 Interest payable and similar charges

	Year ended 30 November 2011 £'000	Year ended 30 November 2010 £'000
Interest on finance leases	-	10

5 Employee information

The average monthly number of staff employed by the Company, including Directors, during the year by activity was as follows

	Year ended 30 November 2011 Number	Year ended 30 November 2010 Number
Sales and service	4	5
Production	-	1
Administration	2	2
	6	8

The cost of employing those staff comprised the following

	Year ended 30 November 2011 £'000	Year ended 30 November 2010 £'000
Wages and salaries	217	290
Social security costs	27	37
Pension costs	5	7
	249	334

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6 Directors' remuneration

Messrs Stocks, Tyler, Stirling and Smith did not receive remuneration for their qualifying services as Directors. Messrs Stocks and Tyler are also directors of Porvair plc, the parent company, and their remuneration as directors of that company are disclosed in those financial statements.

7 Tax on profit/(loss) on ordinary activities

	Year ended 30 November 2011 £'000	Year ended 30 November 2010 £'000
Current tax		
UK Corporation tax	(43)	6
Adjustment to prior years	17	95
Total current tax (charge)/credit	(26)	101
Deferred tax		
Origination and reversal of timing differences	14	16
Effect of changes in deferred tax rates	6	(1)
Total deferred tax credit	20	15
Tax (charge)/credit on profit/(loss) on ordinary activities	(6)	116

	Year ended 30 November 2011 £'000	Year ended 30 November 2010 £'000
Profit/(loss) on ordinary activities before taxation	340	(23)
Profit/(loss) on ordinary activities multiplied by the standard rate of		
UK Corporation tax of 26.67% (2010: 28%)	(91)	6
Effects of		
Non-taxable dividend receivable	70	-
Non-deductible (expenses)/income	(6)	13
Accelerated capital allowances	(14)	(11)
Other short term timing differences	(4)	(5)
Research and development credit	2	3
Adjustment to prior years	17	95
Current tax (charge)/credit for the year	(26)	101

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7 Tax on profit/(loss) on ordinary activities (continued)

The standard rate of Corporation tax in the UK changed from 28% to 26% with effect from 1 April 2011. Accordingly, the Company's profits for this accounting period are taxed at an effective rate of 26.67% and will be taxed at 26% in the future.

It was announced in the March 2012 UK Budget Statement that the standard UK Corporation tax rate, which was due to reduce from 26% to 25% from 1 April 2012, will instead reduce to 24%. Further reductions to the main rate were proposed to reduce the rate by 1% per annum to 22% by 1 April 2014. These further changes had not been substantively enacted at the balance sheet date and therefore are not reflected in these financial statements. Deferred tax relating to timing differences which were expected to reverse prior to 1 April 2012 is measured at 26% and deferred tax relating to timing differences expected to reverse after 1 April 2012 is measured at the tax rate of 25% as these were the rates enacted at the balance sheet date for the period in which the deferred tax balance is forecast to be utilised. The changes are not anticipated to have a material impact on the Company's financial statements in future periods.

The Company has estimated losses of £361,000 at 30 November 2011 (2010: £459,000) available for carry forward against future trading profits in respect of which a deferred tax asset of £90,000 (2010: £124,000) has not been recognised.

8 Tangible fixed assets

	Plant, machinery and equipment
	£'000
Cost	
At 1 December 2010	445
Additions	2
At 30 November 2011	447
Accumulated depreciation	
At 1 December 2010	280
Charge for the year	105
At 30 November 2011	385
Net book value	
At 30 November 2011	62
At 30 November 2010	165

The net book value of assets held under finance leases totalled £nil (2010: £108,000).

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9 Investments

	Shares in group undertakings £'000
Cost at 30 November 2010 and 2011	17

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

Subsidiary undertakings	Principal activity	Country of incorporation	Interest in ordinary shares and voting rights
Seal Analytical GmbH	Sale and servicing of water analysis equipment and related consumables	Germany	100%

10 Stocks

	2011 £'000	2010 £'000
Finished goods	437	186

11 Debtors

	2011 £'000	2010 £'000
Amounts falling due within one year:		
Trade debtors	80	50
Other debtors	65	52
Corporation tax debtor	-	18
Deferred tax asset (note 14)	47	27
Amounts owed by group undertakings	497	72
	689	219
Amounts falling due after more than one year:		
Amounts owed by group undertakings	-	520
	-	520

Amounts owed by group undertakings are unsecured, have no fixed date of repayment and do not carry an interest charge (2010 £nil)

Seal Analytical Limited

12 Creditors: amounts falling due within one year

	2011 £'000	2010 £'000
Trade creditors	38	25
Amounts owed to group undertakings	33	50
Obligations under finance leases and hire purchase contracts (note 13)	-	10
Corporation tax creditor	21	-
Social security and other taxes	7	8
Accruals and deferred income	159	187
	258	280

13 Obligations under finance leases

	2011 £'000	2010 £'000
Finance lease and hire purchase contracts maturity analysis		
In less than one year	-	10
	-	10

14 Deferred taxation

	2011 £'000	2010 £'000
Balance at 1 December	27	12
Profit and loss account	20	15
Balance at 30 November	47	27
Accelerated capital allowances	47	23
Other timing differences	-	4
	47	27

The deferred tax asset has been transferred to note 11

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15 Called up share capital

	2011 £'000	2010 £'000
Authorised:		
600,000 (2010 600,000) Ordinary shares of £1 each	600	600
	600	600
Allotted and fully paid		
230,115 (2010 230,115) Ordinary shares of £1 each	230	230
	230	230

16 Share premium account

	2011 £'000	2010 £'000
At 1 December	575	575
As at 30 November	575	575

17 Profit and loss account

	£'000
At 1 December 2010	437
Profit for the financial year	334
As at 30 November 2011	771

18 Reconciliation of movements in shareholders' funds

	2011 £'000	2010 £'000
Opening shareholders' funds	1,242	1,149
Profit for the financial year	334	93
Closing shareholders' funds	1,576	1,242

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19 Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from the Company in an independently administered fund. The pension cost represents contributions payable by the Company to the fund. Contributions payable by the Company to the scheme amounted to £5,000 (2010 £7,000). Amounts outstanding at 30 November 2011 were £1,000 (2010 £4,000).

20 Operating lease commitments

Annual commitments under non-cancellable operating leases are as follows

	2011	2010
	Other	Other
	£'000	£'000
Operating leases which expire		
Within one year	4	3
Within two to five years	17	31
	21	34

21 Contingent liabilities

The Company has entered into an unlimited cross-guarantee arrangement in respect of the bank borrowings of Porvair plc, Porvair Filtration Group Limited, King's Lynn Limited, King's Lynn Ceramics Limited and Porvair Sciences Limited. At 30 November 2011, these borrowings amounted to £10,196k (2010 £15,432k).

22 Post balance sheet event

On 5 December 2011, the Company purchased the Block Digestion product range from AIM Lab Automation Technologies Pty Limited based in Australia. The total initial consideration was £458,000 with further consideration paid in April 2012 of £27,000 equal to the fair value of the remaining inventory.

23 Related party transactions

The Company has taken advantage of the exemption, under Financial Reporting Standard No 8 (FRS 8), from disclosing related party transactions with entities that are part of the Porvair plc group.

24 Parent undertaking

The Company's ultimate parent undertaking and controlling party is Porvair plc, a company registered in England and Wales, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the Porvair plc financial statements are available to the public and may be obtained from the Company Secretary at 7 Regis place, Bergen Way, North Lynn Industrial Estate, King's Lynn, Norfolk, PE30 2JN.