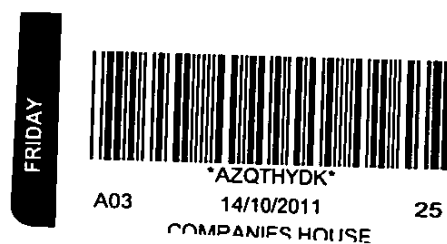


REGISTERED NUMBER: 04861663 (England and Wales)

FINANCIAL STATEMENTS
FOR THE PERIOD 1 AUGUST 2010 TO 30 APRIL 2011
FOR
LANTECH SOLUTIONS LIMITED



M R Salvage Limited
Chartered Accountants
and Registered Auditors
7/8 Eghams Court
Boston Drive
Bourne End
Buckinghamshire
SL8 5YS

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FOR THE PERIOD 1 AUGUST 2010 TO 30 APRIL 2011

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LANTECH SOLUTIONS LIMITED

COMPANY INFORMATION

FOR THE PERIOD 1 AUGUST 2010 TO 30 APRIL 2011

DIRECTORS:

N J Harrower
L A Lemon
H Robinson
P Robinson
K Davies

SECRETARY:

N J Harrower

REGISTERED OFFICE:

Unit 11 Bradley Mills Road Industrial Es
Bradley Mills Road
Huddersfield
West Yorkshire
HD1 6PQ

REGISTERED NUMBER:

04861663 (England and Wales)

AUDITORS:

M R Salvage Limited
Chartered Accountants
and Registered Auditors
7/8 Eghams Court
Boston Drive
Bourne End
Buckinghamshire
SL8 5YS

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF
LANTECH SOLUTIONS LIMITED

Although the company is not required to file a Directors' Report or Statement of Comprehensive Income, the Companies Act 2006 requires the accompanying Report of the Auditors to be a copy of our report to the shareholders on the company's full Financial Statements and Report of the Directors. Readers are cautioned that the Statement of Comprehensive Income and certain other primary statements and the Report of the Directors, which may be referred to in the copy of our Report of the Auditors, are not required to be filed with the Registrar of Companies.

We have audited the financial statements of Lantech Solutions Limited for the period ended 30 April 2011 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement, the Statement of Recognised Income and Expense and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 auditors

As explained more fully in the Statement of Directors' Responsibilities, 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 Report of the Directors 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.

Qualified opinion arising from limitation in audit scope

The evidence available to us was limited because we were appointed during the year and we have been unable to carry out auditing procedures necessary to obtain adequate assurance regarding the opening balances and comparative figures for inventories because the financial statements for the year ended 31 July 2010 were unaudited. Any adjustments to the opening balance would have a consequential effect on the profit for the year. In addition, the amounts shown as corresponding amounts for the year ended 31 July 2010 may not be comparable with the figures for the current period.

Opinion on financial statements

Except for any adjustments that might have been found to be necessary had we been able to obtain sufficient evidence concerning the opening balances as at 1 August 2010 in our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 April 2011 and of its profit for the period then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF

LANTECH SOLUTIONS LIMITED

CONTINUED

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

In respect solely of the limitation on our work relating to the opening balances for inventories.

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit, and
- we were unable to determine whether proper accounting records had been maintained

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

- 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
- the directors were not entitled to take advantage of the small companies' exemption in preparing the Report of the Directors

MR Salvage Limited

John Taylor (Senior Statutory Auditor)
for and on behalf of M R Salvage Limited
Chartered Accountants
and Registered Auditors
7/8 Eghams Court
Boston Drive
Bourne End
Buckinghamshire
SL8 5YS

Date *12th August 2011*

LANTECH SOLUTIONS LIMITED (REGISTERED NUMBER: 04861663)

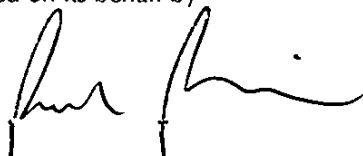
STATEMENT OF FINANCIAL POSITION

		<u>30 APRIL 2011</u>	
	Notes	2011 £	2010 £
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	<u>2,313</u>	<u>6,455</u>
CURRENT ASSETS			
Inventories	8	57,130	25,000
Trade and other receivables	9	139,581	129,968
Tax receivable		935	-
Cash and cash equivalents	10	<u>42,474</u>	<u>10,787</u>
		<u>240,120</u>	<u>165,755</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	145,649	126,618
Tax payable		<u>24,414</u>	<u>13,844</u>
		<u>170,063</u>	<u>140,462</u>
NET CURRENT ASSETS		<u>70,057</u>	<u>25,293</u>
NON-CURRENT LIABILITIES			
Deferred tax	14	<u>930</u>	<u>930</u>
NET ASSETS		<u>71,440</u>	<u>30,818</u>
SHAREHOLDERS' EQUITY			
Called up share capital	15	100	100
Retained earnings	16	<u>71,340</u>	<u>30,718</u>
TOTAL EQUITY		<u>71,440</u>	<u>30,818</u>

The financial statements have been prepared and delivered in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies

In accordance with Section 444 (5) of the Companies Act 2006 the financial statements delivered to the Registrar of Companies do not include a Directors' Report and Statement of Comprehensive Income

The financial statements were approved by the Board of Directors on .. 27/7/11 and were signed on its behalf by


P Robinson - Director


N J Harrower - Director

The notes form part of these financial statements

LANTECH SOLUTIONS LIMITED (REGISTERED NUMBER: 04861663)

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD 1 AUGUST 2010 TO 30 APRIL 2011

	Called up share capital £	Profit and loss account £	Total equity £
Balance at 1 August 2009	100	22,946	23,046
Changes in equity			
Dividends	-	(42,000)	(42,000)
Total comprehensive income	<u>-</u>	<u>49,772</u>	<u>49,772</u>
Balance at 31 July 2010	<u>100</u>	<u>30,718</u>	<u>30,818</u>
Changes in equity			
Dividends	-	(18,635)	(18,635)
Total comprehensive income	<u>-</u>	<u>59,257</u>	<u>59,257</u>
Balance at 30 April 2011	<u>100</u>	<u>71,340</u>	<u>71,440</u>

The notes form part of these financial statements

LANTECH SOLUTIONS LIMITED (REGISTERED NUMBER: 04861663)

STATEMENT OF CASH FLOWS

FOR THE PERIOD 1 AUGUST 2010 TO 30 APRIL 2011

		Period 1 8 10 to 30 4 11 £	Year Ended 31 7 10 £
Cash flows from operating activities			
Cash generated from operations	1	65,951	77,942
Interest paid		(55)	(103)
Tax paid		<u>(13,929)</u>	<u>(14,440)</u>
Net cash from operating activities		<u>51,967</u>	<u>63,399</u>
 Cash flows from investing activities			
Purchase of property, plant and equipment		-	(2,478)
Interest received		<u>5</u>	<u>213</u>
Net cash from investing activities		<u>5</u>	<u>(2,265)</u>
 Cash flows from financing activities			
Amount withdrawn by directors		(2,947)	(26,529)
Movement in group debt		1,297	-
Equity dividends paid		<u>(18,635)</u>	<u>(42,000)</u>
Net cash from financing activities		<u>(20,285)</u>	<u>(68,529)</u>
 Increase/(Decrease) in cash and cash equivalents		 31,687	 (7,395)
Cash and cash equivalents at beginning of period	2	<u>10,787</u>	<u>18,182</u>
 Cash and cash equivalents at end of period	2	 <u>42,474</u>	 <u>10,787</u>

The notes form part of these financial statements

LANTECH SOLUTIONS LIMITED (REGISTERED NUMBER: 04861663)

NOTES TO THE STATEMENT OF CASH FLOWS

FOR THE PERIOD 1 AUGUST 2010 TO 30 APRIL 2011

1 RECONCILIATION OF PROFIT BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS

	Period 1 8 10 to 30 4 11 £	Year Ended 31 7 10 £
Profit before income tax	82,821	63,078
Depreciation charges	4,142	1,774
Finance costs	55	103
Finance income	<u>(5)</u>	<u>(213)</u>
	87,013	64,742
Increase in inventories	(32,130)	-
Increase in trade and other receivables	(8,663)	(30,333)
Increase in trade and other payables	<u>19,731</u>	<u>43,533</u>
Cash generated from operations	<u>65,951</u>	<u>77,942</u>

2 CASH AND CASH EQUIVALENTS

The amounts disclosed on the statement of cash flow in respect of cash and cash equivalents are in respect of these statement of financial position amounts

Period ended 30 April 2011

	30 4 11 £	1 8 10 £
Cash and cash equivalents	<u>42,474</u>	<u>10,787</u>

Year ended 31 July 2010

	31 7 10 £	1 8 09 £
Cash and cash equivalents	<u>10,787</u>	<u>18,182</u>

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 1 AUGUST 2010 TO 30 APRIL 2011

1 ACCOUNTING POLICIES

Corporate information

Lantech Solutions Limited is a private limited company incorporated and domiciled in the United Kingdom. The address of the registered office is given on page 1. The principal activity is set out in the directors' report.

Basis of preparation

These financial statements have been prepared in accordance with the International Financial Reporting Standards and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

The financial statements for the year ended 31 July 2010 were prepared under United Kingdom Generally Accepted Accounting Practice (UK GAAP). UK GAAP differs in some areas from IFRS and accordingly certain of the accounting policies have been reviewed and amended to comply with IFRS. This has not resulted in any changes to the reported results for the current or prior periods.

The company's transition date to IFRS was 1 August 2009 and the comparative figures for the year ended 31 July 2010 have also been re-stated under IFRS. Where necessary this has involved re-classifications, presentational changes, and the disclosure of additional information from the previously reported results, to take into account the required changes.

There were no differences from the results or equity as previously reported under UK GAAP, as shown in the reconciliations in the notes to the financial statements.

At the date of approval of these financial statements the following standards, amendments to existing standards and interpretations which are in issue but not yet effective have not been applied in these financial statements:

IAS 24 (revised) - Related Party Disclosures

IAS 27 (revised) - Separate Financial Statements

IAS 28 (revised) - Investments in Associates and Joint Ventures

IFRS 9 Financial Instruments Classification and Measurement

IFRS 10 Consolidated Financial Statements

IFRS 11 Joint Arrangements

IFRS 12 Disclosure of Interests in Other Entities

IFRS 13 Fair Value Measurement

Amendment to IAS 12 - Recovery of underlying assets

Amendment to IFRS 1 - Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters

Amendment to IFRS 1 - Replacement of 'fixed dates' for certain exceptions with 'the date of transition to IFRSs'

Amendment to IFRS 1 - Additional exemption for entities ceasing to suffer from severe hyperinflation

Amendments to IFRS 7 - Amendments enhancing disclosures about transfers of financial assets

Amendments to IFRIC 14 - Prepayments and minimum funding requirements

IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments

In addition in May 2010 the IASB issued 'Improvements to International Financial Reporting Standards 2010' making amendments to various IFRS and IAS which are not yet effective and have not been applied in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS – continued

FOR THE PERIOD 1 AUGUST 2010 TO 30 APRIL 2011

1 ACCOUNTING POLICIES – continued

Basis of preparation - continued

The directors anticipate that these standards or interpretations will either be not applicable to the company or that adoption in future periods will have no material impact on the financial statements of the company

In accordance with S 444 (5) of the Companies Act 2006 the financial statements prepared for delivery to the Registrar of Companies do not include an income statement or directors report as the company qualifies as a small company

Financial reporting framework

The accounts are made up to a 9 month period from 1 August 2010 to 30 April 2011. The accounting period was shortened in order for the period ending to coincide with the other companies in the group. The prior period corresponding figures may not, therefore, be strictly comparable.

Revenue recognition

Revenue is recognised only when it is probable that the economic benefits associated with the transaction will flow to the company and the amount of revenue can be reliably estimated.

Revenue represents amounts receivable for goods and services net of VAT and trade discounts.

Property, plant and equipment

Property, plant and equipment is reflected at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is provided at the following annual rates in order to write off the depreciable amount of each asset over its estimated useful life:

Improvements to property	- 10% on cost
Plant and machinery	- 25% on cost
Motor vehicles	- 25% on cost
Computer equipment	- 25% on cost

Financial instruments

The company uses certain financial instruments in its normal operating and investing activities, which are deemed appropriate to its circumstances, such as trade receivables and trade payables, cash at bank deposits and bank overdrafts, loans and equity shares and forward foreign exchange contracts. Financial assets and liabilities are recognised on the company's balance sheet when the company has become a party to the contractual provisions of the instrument.

Cash and cash equivalents comprise cash on hand and on demand deposits, and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Financial assets

In accordance with IFRS 7, trade receivables, loans and other receivables that have fixed or determinable payments are classified as 'Loans and receivables' and are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate, except for short term receivables when the recognition of interest would be immaterial.

NOTES TO THE FINANCIAL STATEMENTS – continued

FOR THE PERIOD 1 AUGUST 2010 TO 30 APRIL 2011

1 ACCOUNTING POLICIES - continued

Financial assets – continued

Financial assets are assessed for impairment at each balance sheet date and any impairment recognised in the profit or loss. Trade receivables are assessed for collectability and where appropriate the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account and changes in the carrying amount of the allowance account are recognised in the profit or loss in the income statement.

Financial liabilities

In accordance with IFRS 7 financial liabilities such as trade payables and loans are classified as 'Other financial liabilities' and are measured initially at fair value. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, except for short term payables when the recognition of interest would be immaterial.

Debt and equity instruments issued by the company

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Inventories

Inventories are valued at average cost, after making due allowance for obsolete and slow moving items.

Cost includes all direct expenditure and, where applicable, an appropriate proportion of fixed and variable overheads.

Net realisable value represents the estimated selling price less all estimated costs of completion, marketing, selling and distribution.

Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the balance sheet date.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Employee benefit costs

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the income statement in the period to which they relate.

Deferred tax

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

LANTECH SOLUTIONS LIMITED (REGISTERED NUMBER: 04861663)

NOTES TO THE FINANCIAL STATEMENTS – continued

FOR THE PERIOD 1 AUGUST 2010 TO 30 APRIL 2011

2 EMPLOYEES AND DIRECTORS

	Period 1 8 10 to 30 4 11 £	Year Ended 31 7 10 £
Wages and salaries	45,407	48,442
Social security costs	2,545	77
Other pension costs	<u>2,897</u>	<u>4,388</u>
	<u>50,849</u>	<u>52,907</u>

	Period 1 8 10 to 30 4 11 £	Year Ended 31 7 10 £
Directors' remuneration	48,116	7,000
Directors' pension contributions to money purchase schemes	<u>2,700</u>	<u>3,600</u>

The number of directors to whom retirement benefits were accruing was as follows

Money purchase schemes	<u>2</u>	<u>2</u>
------------------------	----------	----------

3 NET FINANCE COSTS

	Period 1 8 10 to 30 4 11 £	Year Ended 31 7 10 £
Finance income		
Deposit account interest	-	213
Interest on repayment of corporation tax	<u>5</u>	<u>-</u>
	<u>5</u>	<u>213</u>
Finance costs		
Bank interest	<u>55</u>	<u>103</u>
Net finance costs	<u>50</u>	<u>(110)</u>

NOTES TO THE FINANCIAL STATEMENTS – continued

FOR THE PERIOD 1 AUGUST 2010 TO 30 APRIL 2011

4 PROFIT BEFORE INCOME TAX

The profit before income tax is stated after charging

	Period 1 8 10 to 30 4 11 £	Year Ended 31 7 10 £
Cost of inventories recognised as expense	290,456	337,552
Other operating leases	8,182	4,683
Depreciation - owned assets	4,142	1,774
Auditors' remuneration	<u>5,300</u>	<u>-</u>

5 INCOME TAX

Analysis of the tax charge

	Period 1 8 10 to 30 4 11 £	Year Ended 31 7 10 £
Current tax		
Taxation	24,177	13,051
Prior year taxation	<u>(613)</u>	<u>-</u>
Total current tax	23,564	13,051
Accelerated capital allowances	<u>-</u>	<u>255</u>
Total tax charge in income statement	<u>23,564</u>	<u>13,306</u>

LANTECH SOLUTIONS LIMITED (REGISTERED NUMBER: 04861663)

NOTES TO THE FINANCIAL STATEMENTS – continued

FOR THE PERIOD 1 AUGUST 2010 TO 30 APRIL 2011

5 INCOME TAX – continued

Factors affecting the tax charge

The tax assessed for the period is higher (2010 - lower) than the standard rate of corporation tax in the UK. The difference is explained below

	Period 1 8 10 to 30 4 11 £	Year Ended 31 7 10 £
Profit on ordinary activities before tax	<u>82,821</u>	<u>63,078</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2010 - 21%)	23,190	13,246
Effects of		
Capital allowances in excess of depreciation	1,075	(254)
Disallowable costs	104	59
Adjustments to prior year	(613)	-
Rate Adjustment	<u>(192)</u>	<u>-</u>
Total income tax	<u>23,564</u>	<u>13,051</u>

6 DIVIDENDS

	Period 1 8 10 to 30 4 11 £	Year Ended 31 7 10 £
Interim	<u>18,635</u>	<u>42,000</u>

Dividends of £186.35 per share (2010: £420.00) were paid during the year

LANTECH SOLUTIONS LIMITED (REGISTERED NUMBER: 04861663)

NOTES TO THE FINANCIAL STATEMENTS – continued

FOR THE PERIOD 1 AUGUST 2010 TO 30 APRIL 2011

7 PROPERTY, PLANT AND EQUIPMENT

	Improvements to property £	Plant and machinery £	Motor vehicles £	Computer equipment £	Totals £
COST					
At 1 August 2010 and 30 April 2011	<u>1,894</u>	<u>9,017</u>	<u>3,000</u>	<u>6,590</u>	<u>20,501</u>
DEPRECIATION					
At 1 August 2010	189	7,423	1,313	5,121	14,046
Charge for period	<u>142</u>	<u>1,594</u>	<u>937</u>	<u>1,469</u>	<u>4,142</u>
At 30 April 2011	<u>331</u>	<u>9,017</u>	<u>2,250</u>	<u>6,590</u>	<u>18,188</u>
CARRYING AMOUNT					
At 30 April 2011	<u>1,563</u>	<u>-</u>	<u>750</u>	<u>-</u>	<u>2,313</u>

	Improvements to property £	Plant and machinery £	Motor vehicles £	Computer equipment £	Totals £
COST					
At 1 August 2009	-	8,433	3,000	6,590	18,023
Additions	<u>1,894</u>	<u>584</u>	<u>-</u>	<u>-</u>	<u>2,478</u>
At 31 July 2010	<u>1,894</u>	<u>9,017</u>	<u>3,000</u>	<u>6,590</u>	<u>20,501</u>
DEPRECIATION					
At 1 August 2009	-	6,891	750	4,631	12,272
Charge for year	<u>189</u>	<u>532</u>	<u>563</u>	<u>490</u>	<u>1,774</u>
At 31 July 2010	<u>189</u>	<u>7,423</u>	<u>1,313</u>	<u>5,121</u>	<u>14,046</u>
CARRYING AMOUNT					
At 31 July 2010	<u>1,705</u>	<u>1,594</u>	<u>1,687</u>	<u>1,469</u>	<u>6,455</u>

8 INVENTORIES

	2011 £	2010 £
Stocks	<u>57,130</u>	<u>25,000</u>

LANTECH SOLUTIONS LIMITED (REGISTERED NUMBER: 04861663)

NOTES TO THE FINANCIAL STATEMENTS – continued

FOR THE PERIOD 1 AUGUST 2010 TO 30 APRIL 2011

9 TRADE AND OTHER RECEIVABLES

	2011 £	2010 £
Current		
Trade debtors	136,071	129,248
Directors' current accounts	1,670	720
Prepayments	<u>1,840</u>	<u>-</u>
	<u>139,581</u>	<u>129,968</u>

10 CASH AND CASH EQUIVALENTS

	2011 £	2010 £
Bank accounts	<u>42,474</u>	<u>10,787</u>

11 TRADE AND OTHER PAYABLES

	2011 £	2010 £
Current		
Trade creditors	116,347	105,549
Amounts owed to group undertakings	1,297	-
Social security and other taxes	2,454	2,553
Other creditors	884	1,240
Accruals and deferred income	18,237	11,325
Directors' current accounts	1,510	3,507
VAT	<u>4,920</u>	<u>2,444</u>
	<u>145,649</u>	<u>126,618</u>

12 LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows

	2011 £	2010 £
Within one year	21,413	16,556
Between one and five years	47,232	52,529
In more than five years	<u>-</u>	<u>6,416</u>
	<u>68,645</u>	<u>75,501</u>

NOTES TO THE FINANCIAL STATEMENTS – continued

FOR THE PERIOD 1 AUGUST 2010 TO 30 APRIL 2011

13 FINANCIAL INSTRUMENTS

Financial assets - Loans and receivables

	2011 £	2010 £
Trade receivables	139,874	130,693
Allowance for doubtful debts	(3,803)	(1,445)
Other	1,670	720
	<u>137,741</u>	<u>129,968</u>

Movement in allowance for doubtful debts

	2011 £	2010 £
Balance at 1 August 2010	1,445	215
Amounts written off in year	-	-
Amounts recovered in year	-	-
Increase or decrease recognised in the income statement	<u>2,358</u>	<u>1,230</u>
Balance at 30 April 2011	<u>3,803</u>	<u>1,445</u>

The average credit period for sales of goods is 60 days. No interest is charged on overdue trade receivables. The company provided for certain trade receivables in the year ended 31 July 2010 based on estimated irrecoverable amounts determined by reference to specific circumstances and past default experience.

Included in the company's trade receivables are debtors with a carrying amount of £19,712 which are past due at reporting date but for which the company has not provided as there has not been a significant change in the credit quality and the company still believes these amounts to be recoverable. The company does not hold any collateral over these balances. The average age of these receivables is 77 days.

In determining the recoverability of trade receivables the company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly the directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

Financial liabilities

	2011 £	2010 £
Trade payables	116,347	105,549
Amounts due to related parties	<u>1,297</u>	<u>-</u>
	<u>117,644</u>	<u>105,549</u>

NOTES TO THE FINANCIAL STATEMENTS – continued

FOR THE PERIOD 1 AUGUST 2010 TO 30 APRIL 2011

13 FINANCIAL INSTRUMENTS - continued

Financial liabilities – continued

The average credit period on purchases of goods is 60 days. No interest is charged on trade payables.

The company and group of which it is a part have policies in place to ensure that trade payables are paid within the credit timeframe.

Financial risk management

The company's activities expose it to a variety of financial risks. Market risk (including currency risk and interest rate risk), credit risk and liquidity risk. Risk management policy is set by the parent company Board of Directors in conjunction with the company's management and seeks to minimise potential adverse effects on the company's position.

Liquidity risk

At 30 April 2011 and 30 April 2010 the company did not have any financial liabilities other than trade payables and amounts due to related parties.

Liquidity risk management includes maintaining sufficient cash and cash equivalents and an adequate amount of committed credit facilities, and management regularly monitors levels of cash, borrowing facilities and expected future cash flows.

Credit risk

Credit risk primarily arises from credit exposures to customers. Risk control assesses the credit quality of customers taking into account financial position, past experience and other factors. Credit limits are regularly reviewed. As set out above, the Directors consider there is no material exposure to credit risk at balance sheet date.

Market risk

The company does not sell and buy internationally and so is not exposed to foreign exchange risk arising from various currency exposures.

The company does not have any bank overdraft borrowing. The amounts borrowed from group companies are non-interest bearing and accordingly the company's income and operating cash flows are substantially independent of changes in market interest rates.

Capital risk management

The group and company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure. Capital structure within the group is monitored by reference to the gearing ratio calculated as net debt divided by total capital. Net debt is calculated as borrowings and trade and other payables less cash and cash equivalents. Total capital is calculated as equity (as shown in the balance sheet) plus net debt. During the year the group's strategy was to maintain a gearing ratio in the range 25% to 50%.

LANTECH SOLUTIONS LIMITED (REGISTERED NUMBER: 04861663)

NOTES TO THE FINANCIAL STATEMENTS – continued

FOR THE PERIOD 1 AUGUST 2010 TO 30 APRIL 2011

14 DEFERRED TAX

	2011 £	2010 £
Balance at 1 August	930	675
Accelerated capital allowances	-	255
Balance at 30 April	<u>930</u>	<u>930</u>

15 CALLED UP SHARE CAPITAL

Authorised Number	Class	Nominal value	2011 £	2010 £
1,000	Ordinary	£1	<u>1,000</u>	<u>1,000</u>
Allotted, issued and fully paid Number	Class	Nominal value	2011 £	2010 £
100	Ordinary	£1	<u>100</u>	<u>100</u>

16 RESERVES

	Retained earnings £
At 1 August 2010	30,718
Profit for the period	59,257
Dividends	(18,635)
At 30 April 2011	<u>71,340</u>
	Retained earnings £
At 1 August 2009	22,946
Profit for the year	49,772
Dividends	(42,000)
At 31 July 2010	<u>30,718</u>

LANTECH SOLUTIONS LIMITED (REGISTERED NUMBER: 04861663)

NOTES TO THE FINANCIAL STATEMENTS – continued

FOR THE PERIOD 1 AUGUST 2010 TO 30 APRIL 2011

17 ULTIMATE PARENT COMPANY

The company is a subsidiary undertaking of Action-Sealtite Limited, incorporated in England and Wales

The directors regard Action-Sealtite Limited as the immediate parent company, and Flowmax Holdings Limited, a company registered in the British Virgin Isles, as the ultimate parent company

18 TRANSACTIONS WITH DIRECTORS

The following loan to directors subsisted during the period ended 30 April 2011 and the year ended 31 July 2010

	2011 £	2010 £
N J Harrower		
Balance outstanding at start of period	719	-
Balance outstanding at end of period	1,670	719
Maximum balance outstanding during period	<u>1,670</u>	<u>719</u>

The directors operate current accounts and advances and credits disclosed above represent aggregates for the period

19 RELATED PARTY DISCLOSURES

During the period, the company had the following transactions with related parties (all below companies are under common control)

Related party	Type of transaction	2011 £
Action-Sealtite Limited	Sales	1,177
	Purchases	1,962
Bellflow Systems Limited	Purchases	51
Hytek (UK) Limited	Purchases	84

The balances outstanding at the end of the year were as follows

Action-Sealtite Limited	Amount due to	1,235
Bell Flow Systems Limited	Amount due to	62

Creditors Amounts falling due within one year include the following amounts owing to the directors of the company, N Harrower £nil (2010 £nil) and L Lemon £1,510 (2010 £3,507)

Dividends in the year paid to the directors were

N Harrower	£9,310
L Lemon	£9,325

NOTES TO THE FINANCIAL STATEMENTS – continued

FOR THE PERIOD 1 AUGUST 2010 TO 30 APRIL 2011

20 ULTIMATE CONTROLLING PARTY

Until 20 December 2010, the company was controlled by its directors, N Harrower and L Lemon, who equally owned all of the issued share capital

Since 20 December 2010, the company has been controlled by its immediate parent company Action-Sealtite Limited which holds 50% of the issued shares and controls the operating and financial policies of the company

RECONCILIATION OF EQUITY

1 AUGUST 2009

(Date of Transition to IFRSs)

	UK GAAP £	Effect of transition to IFRSs £	IFRSs £
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	<u>5,751</u>	<u>-</u>	<u>5,751</u>
CURRENT ASSETS			
Inventories	25,000	-	25,000
Trade and other receivables	98,915	-	98,915
Cash and cash equivalents	<u>18,182</u>	<u>-</u>	<u>18,182</u>
	<u>142,097</u>	<u>-</u>	<u>142,097</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	(108,894)	-	(108,894)
Tax payable	<u>(15,233)</u>	<u>-</u>	<u>(15,233)</u>
	<u>(124,127)</u>	<u>-</u>	<u>(124,127)</u>
NET CURRENT ASSETS	<u>17,970</u>	<u>-</u>	<u>17,970</u>
NON-CURRENT LIABILITIES			
Deferred tax	<u>(675)</u>	<u>-</u>	<u>(675)</u>
NET ASSETS	<u>23,046</u>	<u>-</u>	<u>23,046</u>
SHAREHOLDERS' EQUITY			
Called up share capital	100	-	100
Profit and loss account	<u>22,946</u>	<u>-</u>	<u>22,946</u>
TOTAL EQUITY	<u>23,046</u>	<u>-</u>	<u>23,046</u>

The notes form part of these financial statements

LANTECH SOLUTIONS LIMITED (REGISTERED NUMBER: 04861663)

RECONCILIATION OF EQUITY - continued

31 JULY 2010

	UK GAAP £	Effect of transition to IFRSs £	IFRSs £
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	<u>6,455</u>	<u>-</u>	<u>6,455</u>
CURRENT ASSETS			
Inventories	25,000	-	25,000
Trade and other receivables	129,968	-	129,968
Cash and cash equivalents	<u>10,787</u>	<u>-</u>	<u>10,787</u>
	<u>165,755</u>	<u>-</u>	<u>165,755</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	(126,618)	-	(126,618)
Tax payable	<u>(13,844)</u>	<u>-</u>	<u>(13,844)</u>
	<u>(140,462)</u>	<u>-</u>	<u>(140,462)</u>
NET CURRENT ASSETS	<u>25,293</u>	<u>-</u>	<u>25,293</u>
NON-CURRENT LIABILITIES			
Deferred tax	<u>(930)</u>	<u>-</u>	<u>(930)</u>
NET ASSETS	<u>30,818</u>	<u>-</u>	<u>30,818</u>
SHAREHOLDERS' EQUITY			
Called up share capital	100	-	100
Profit and loss account	<u>30,718</u>	<u>-</u>	<u>30,718</u>
TOTAL EQUITY	<u>30,818</u>	<u>-</u>	<u>30,818</u>

The notes form part of these financial statements

LANTECH SOLUTIONS LIMITED (REGISTERED NUMBER: 04861663)

RECONCILIATION OF PROFIT

FOR THE YEAR ENDED 31 JULY 2010

	UK GAAP £	Effect of transition to IFRSs £	IFRSs £
Revenue	513,685	-	513,685
Cost of sales	<u>(337,552)</u>	<u>-</u>	<u>(337,552)</u>
GROSS PROFIT	176,133	-	176,133
Administrative expenses	(113,165)	-	(113,165)
Finance costs	(103)	-	(103)
Finance income	<u>213</u>	<u>-</u>	<u>213</u>
PROFIT BEFORE TAX	63,078	-	63,078
Income tax	<u>(13,306)</u>	<u>-</u>	<u>(13,306)</u>
PROFIT FOR THE PERIOD	<u><u>49,772</u></u>	<u><u>-</u></u>	<u><u>49,772</u></u>

The notes form part of these financial statements