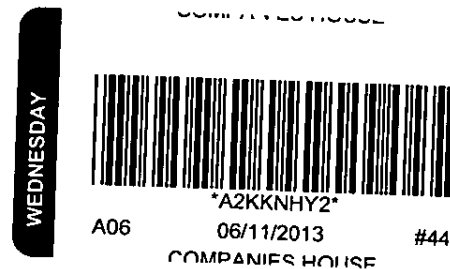


FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2013
FOR
LANTECH SOLUTIONS LIMITED



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 YEAR ENDED 30 APRIL 2013

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LANTECH SOLUTIONS LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 30 APRIL 2013

DIRECTORS:

N J Harrower
L A Lemon
H Robinson
P Robinson
J Brennan

SECRETARY:

N J Harrower

REGISTERED OFFICE:

Unit 11 Bradley Mills Road Industrial Estate
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 MEMBERS 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 year ended 30 April 2013 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows 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.

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 April 2013 and of its profit for the year 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.

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.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF

LANTECH SOLUTIONS LIMITED

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the Report of the Directors

M R 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

14 November 2013

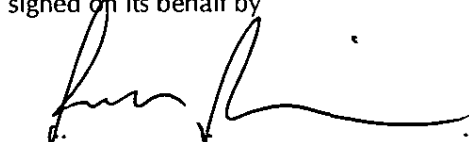
STATEMENT OF FINANCIAL POSITION

		<u>30 APRIL 2013</u>	
	Notes	2013 £	2012 £
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	<u>5,154</u>	<u>4,930</u>
CURRENT ASSETS			
Inventories	8	60,890	54,431
Trade and other receivables	9	154,381	162,948
Tax receivable		1,420	1,084
Cash and cash equivalents	10	<u>79,242</u>	<u>50,382</u>
		<u>295,933</u>	<u>268,845</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	177,207	172,066
Tax payable		<u>13,035</u>	<u>10,749</u>
		<u>190,242</u>	<u>182,815</u>
NET CURRENT ASSETS		<u>105,691</u>	<u>86,030</u>
NON-CURRENT LIABILITIES			
Deferred tax	14	<u>930</u>	<u>930</u>
NET ASSETS		<u>109,915</u>	<u>90,030</u>
SHAREHOLDERS' EQUITY			
Called up share capital	15	100	100
Retained earnings	16	<u>109,815</u>	<u>89,930</u>
TOTAL EQUITY		<u>109,915</u>	<u>90,030</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 27/10/13 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 YEAR ENDED 30 APRIL 2013

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 May 2011	100	71,340	71,440
Changes in equity			
Dividends	-	(16,000)	(16,000)
Total comprehensive income	-	34,590	34,590
Balance at 30 April 2012	<u>100</u>	<u>89,930</u>	<u>90,030</u>
Changes in equity			
Dividends	-	(20,000)	(20,000)
Total comprehensive income	-	39,885	39,885
Balance at 30 April 2013	<u>100</u>	<u>109,815</u>	<u>109,915</u>

The notes form part of these financial statements

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 APRIL 2013

	Notes	2013 £	2012 £
Cash flows from operating activities			
Cash generated from operations	1	64,099	56,348
Tax paid		<u>(10,749)</u>	<u>(23,598)</u>
Net cash from operating activities		<u>53,350</u>	<u>32,750</u>
 Cash flows from investing activities			
Purchase of property, plant and equipment		(3,150)	(3,600)
Interest received		<u>2</u>	<u>-</u>
Net cash from investing activities		<u>(3,148)</u>	<u>(3,600)</u>
 Cash flows from financing activities			
Amount introduced by directors		4,105	160
Amount withdrawn by directors		(5,447)	(4,105)
Movement in group debt		-	(1,297)
Equity dividends paid		<u>(20,000)</u>	<u>(16,000)</u>
Net cash from financing activities		<u>(21,342)</u>	<u>(21,242)</u>
 Increase in cash and cash equivalents		<u>28,860</u>	<u>7,908</u>
Cash and cash equivalents at beginning of year	2	<u>50,382</u>	<u>42,474</u>
Cash and cash equivalents at end of year	2	<u><u>79,242</u></u>	<u><u>50,382</u></u>

The notes form part of these financial statements

NOTES TO THE STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 APRIL 2013

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

	2013 £	2012 £
Profit before income tax	52,584	44,374
Depreciation charges	2,926	983
Finance income	<u>(2)</u>	<u>-</u>
	55,508	45,357
(Increase)/decrease in inventories	(6,459)	2,699
Decrease/(increase) in trade and other receivables	9,909	(20,932)
Increase in trade and other payables	<u>5,141</u>	<u>29,224</u>
Cash generated from operations	<u>64,099</u>	<u>56,348</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

Year ended 30 April 2013

	30 4 13 £	1 5 12 £
Cash and cash equivalents	<u>79,242</u>	<u>50,382</u>

Year ended 30 April 2012

	30 4 12 £	1 5 11 £
Cash and cash equivalents	<u>50,382</u>	<u>42,474</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2013

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.

Implementation of new accounting standards

With effect from 1 May 2012, Lantech Solutions Limited has implemented an amendment to IFRS 1 'Replacement of 'fixed dates' for certain exceptions with 'the date of transition to IFRSs', an amendment to IFRS 1 - 'Additional exemption for entities ceasing to suffer from severe hyperinflation', an amendment to IFRS 7 'Amendments enhancing disclosures about transfers of financial assets' and an amendment to IAS 12 'Deferred tax recovery of underlying assets'. These revisions had no material impact on the current period or the prior period.

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.

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 19 (revised) - Employee benefits
IAS 27 (revised) - Separate Financial Statements
IAS 28 (revised) - Investments in Associates and Joint Ventures
IFRS 10 Consolidated Financial Statements
IFRS 11 Joint Arrangements
IFRS 12 Disclosure of Interests in Other Entities
Amendments to IFRS 10, IFRS 11 and IFRS 12 - Transition guidance
IFRS 13 Fair Value Measurement
Amendments to IAS 1 - Amendments to revise the way other comprehensive income is presented
Amendments to IAS 32 - Amendments to application guidance on the offsetting of financial assets and financial liabilities
Amendments to IFRS 1 - Government loans
Amendments to IFRS 7 - Amendments enhancing disclosures about offsetting of financial assets and financial liabilities
IFRIC 20 - Stripping costs in the production phase of a surface mine

In addition in May 2012 the IASB issued 'Improvements to International Financial Reporting Standards 2009-2011' making amendments to various IFRS and IAS which are not yet effective and have not been applied in these financial statements.

In addition, the following standards, amendments to existing standards and interpretations are in issue but have not yet been endorsed by the EU:

IFRS 9 Financial Instruments
Amendments to IFRS 7 - Amendments requiring disclosures about the initial application of IFRS 9
Amendments to IFRS 10, IFRS 12 and IAS 27 - Investment Entities

NOTES TO THE FINANCIAL STATEMENTS - continued

FOR THE YEAR ENDED 30 APRIL 2013

1 ACCOUNTING POLICIES - continued

Basis of preparation

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 s444(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

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 statement of financial position (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

Financial assets are assessed for impairment at each statement of financial position date and any impairment recognised in the profit or loss for the year in the statement of comprehensive income. 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 for the year in the statement of comprehensive income

NOTES TO THE FINANCIAL STATEMENTS - continued

FOR THE YEAR ENDED 30 APRIL 2013

1 ACCOUNTING POLICIES - continued

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

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

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 statement of financial position date

Hire purchase and leasing commitments

Assets obtained under hire purchase or finance leases, where the company has substantially all the risks and rewards of ownership, are capitalised in the statement of financial position. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or lease term, whichever is shorter

The interest element of these obligations is charged to the statement of comprehensive income over the relevant period. The capital element of the future payments is treated as a liability

Leases in which a significant proportion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of comprehensive income 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 statement of comprehensive income 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

Critical accounting estimates and areas of judgement

The company makes estimates and assumptions concerning the future, and judgements in applying the company's accounting policies. The resulting accounting estimates will, by definition, seldom equal the actual results. There were no estimates or assumptions that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year

NOTES TO THE FINANCIAL STATEMENTS – continued

FOR THE YEAR ENDED 30 APRIL 2013

2 EMPLOYEES AND DIRECTORS

	2013 £	2012 £
Wages and salaries	156,613	119,275
Social security costs	10,291	9,214
Other pension costs	<u>7,669</u>	<u>4,449</u>
	<u>174,573</u>	<u>132,938</u>
	2013 £	2012 £
Directors' remuneration	102,983	94,721
Directors' pension contributions to money purchase schemes	<u>6,600</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 INCOME

	2013 £	2012 £
Finance income		
Interest on repayment of corporation tax	<u>2</u>	<u>-</u>

4 PROFIT BEFORE INCOME TAX

The profit before income tax is stated after charging

	2013 £	2012 £
Cost of inventories recognised as expense	584,270	445,597
Other operating leases	18,626	12,400
Depreciation - owned assets	2,926	983
Auditors' remuneration	2,500	1,750
Cost of inventories written off in the year	<u>5,350</u>	<u>5,876</u>

Auditors remuneration of £2,750 (2012 £3,000) has been borne by Action-Sealtite Limited for the year ended 30 April 2013

5 INCOME TAX

Analysis of tax expense

	2013 £	2012 £
Current tax		
Taxation	12,699	10,082
Prior year taxation	<u>-</u>	<u>(298)</u>
	<u>12,699</u>	<u>9,784</u>
Total tax expense in statement of comprehensive income	<u>12,699</u>	<u>9,784</u>

NOTES TO THE FINANCIAL STATEMENTS – continued

FOR THE YEAR ENDED 30 APRIL 2013

5 INCOME TAX - continued

Factors affecting the tax expense

The tax assessed for the year is higher (2012 - lower) than the standard rate of corporation tax in the UK
The difference is explained below:

	2013 £	2012 £
Profit on ordinary activities before income tax	<u>52,584</u>	<u>44,374</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24% (2012 - 26%)	12,620	11,537
Effects of		
Capital allowances in excess of depreciation	642	(528)
Disallowable costs	-	84
Adjustments to prior year	-	(298)
Rate difference	<u>(563)</u>	<u>(1,011)</u>
Tax expense	<u>12,699</u>	<u>9,784</u>

6 DIVIDENDS

	2013 £	2012 £
Interim	<u>20,000</u>	<u>16,000</u>

Dividends of £200 per share (2012 £160) were paid during the year

7 PROPERTY, PLANT AND EQUIPMENT

	Improvements to property £	Plant and machinery £	Motor vehicles £	Computer equipment £	Totals £
COST					
At 1 May 2012	3,803	9,017	3,000	8,281	24,101
Additions	<u>-</u>	<u>3,150</u>	<u>-</u>	<u>-</u>	<u>3,150</u>
At 30 April 2013	<u>3,803</u>	<u>12,167</u>	<u>3,000</u>	<u>8,281</u>	<u>27,251</u>
DEPRECIATION					
At 1 May 2012	855	9,017	2,250	7,049	19,171
Charge for year	<u>818</u>	<u>1,650</u>	<u>-</u>	<u>458</u>	<u>2,926</u>
At 30 April 2013	<u>1,673</u>	<u>10,667</u>	<u>2,250</u>	<u>7,507</u>	<u>22,097</u>
CARRYING AMOUNT					
At 30 April 2013	<u>2,130</u>	<u>1,500</u>	<u>750</u>	<u>774</u>	<u>5,154</u>

NOTES TO THE FINANCIAL STATEMENTS – continued

FOR THE YEAR ENDED 30 APRIL 2013

7 PROPERTY, PLANT AND EQUIPMENT - continued

	Improvements to property £	Plant and machinery £	Motor vehicles £	Computer equipment £	Totals £
COST					
At 1 May 2011	1,894	9,017	3,000	6,590	20,501
Additions	<u>1,909</u>	<u>-</u>	<u>-</u>	<u>1,691</u>	<u>3,600</u>
At 30 April 2012	<u>3,803</u>	<u>9,017</u>	<u>3,000</u>	<u>8,281</u>	<u>24,101</u>
DEPRECIATION					
At 1 May 2011	331	9,017	2,250	6,590	18,188
Charge for year	<u>524</u>	<u>-</u>	<u>-</u>	<u>459</u>	<u>983</u>
At 30 April 2012	<u>855</u>	<u>9,017</u>	<u>2,250</u>	<u>7,049</u>	<u>19,171</u>
CARRYING AMOUNT					
At 30 April 2012	<u>2,948</u>	<u>-</u>	<u>750</u>	<u>1,232</u>	<u>4,930</u>

8 INVENTORIES

	2013 £	2012 £
Inventories	<u>60,890</u>	<u>54,431</u>

Inventories above includes a provision of £5,350 (2012 £5,876) for slow moving and obsolete stock

9 TRADE AND OTHER RECEIVABLES

	2013 £	2012 £
Current		
Trade debtors	142,127	157,181
Other debtors	5,151	-
Directors' current accounts	5,447	4,105
Prepayments	<u>1,656</u>	<u>1,662</u>
	<u>154,381</u>	<u>162,948</u>

10 CASH AND CASH EQUIVALENTS

	2013 £	2012 £
Cash in hand	1,153	225
Bank accounts	<u>78,089</u>	<u>50,157</u>
	<u>79,242</u>	<u>50,382</u>

NOTES TO THE FINANCIAL STATEMENTS – continued

FOR THE YEAR ENDED 30 APRIL 2013

11 TRADE AND OTHER PAYABLES

	2013	2012
	£	£
Current		
Trade creditors	83,139	83,949
Social security and other taxes	7,180	4,113
Other creditors	4,637	2,695
Accruals and deferred income	69,312	62,157
VAT	<u>12,939</u>	<u>19,152</u>
	<u>177,207</u>	<u>172,066</u>

12 LEASING AGREEMENTS

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

	2013	2012
	£	£
Within one year	25,143	12,645
Between one and five years	<u>39,347</u>	<u>31,167</u>
	<u>64,490</u>	<u>43,812</u>

13 FINANCIAL INSTRUMENTS

Financial assets - Loans and receivables

	2013	2012
	£	£
Trade receivables	146,427	162,781
Allowance for doubtful debts	(4,300)	(5,600)
Other debtors	<u>5,447</u>	<u>4,105</u>
	<u>147,574</u>	<u>161,286</u>

Movement in allowance for doubtful debts

	2013	2012
	£	£
Balance at 1 May 2012	5,600	3,803
Amounts written off in year	-	-
Amounts recovered in year	-	-
Increase or decrease recognised in the income statement	<u>(1,300)</u>	<u>1,797</u>
Balance at 30 April 2013	<u>4,300</u>	<u>5,600</u>

The average credit period for sales of goods is 54 (2012 59) days

NOTES TO THE FINANCIAL STATEMENTS - continued

FOR THE YEAR ENDED 30 APRIL 2013

13 FINANCIAL INSTRUMENTS - continued

Financial assets - Loans and receivables - continued

Included in the company's trade receivables are debtors with a carrying amount of £13,834 (2012 £40,639) 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 106 (2012 96) 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

	2013 £	2012 £
Trade payables	82,127	83,905
Amounts due to related parties	1,012	44
	<u>83,139</u>	<u>83,949</u>

The average credit period on purchases of goods is 72 (2012 77) 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 2013 and 30 April 2012 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 monitor 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.

NOTES TO THE FINANCIAL STATEMENTS - continuedFOR THE YEAR ENDED 30 APRIL 2013**13 FINANCIAL INSTRUMENTS - continued****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%.

14 DEFERRED TAX

	2013 £	2012 £
Balance at 1 May	<u>930</u>	<u>930</u>
Balance at 30 April	<u>930</u>	<u>930</u>

15 CALLED UP SHARE CAPITAL

Authorised Number	Class	Nominal value	2013 £	2012 £
1,000	Ordinary	£1	<u>1,000</u>	<u>1,000</u>
Allotted, issued and fully paid Number	Class	Nominal value	2013 £	2012 £
100	Ordinary	£1	<u>100</u>	<u>100</u>

NOTES TO THE FINANCIAL STATEMENTS – continued

FOR THE YEAR ENDED 30 APRIL 2013

16 RESERVES

	Retained earnings £
At 1 May 2012	89,930
Profit for the year	39,885
Dividends	<u>(20,000)</u>
At 30 April 2013	<u>109,815</u>
	Retained earnings £
At 1 May 2011	71,340
Profit for the year	34,590
Dividends	<u>(16,000)</u>
At 30 April 2012	<u>89,930</u>

17 ULTIMATE PARENT COMPANY

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

Action-Sealtite Limited holds 50% of the issued shares of the company and controls the operating and financial policies of the company

The directors regard Action-Sealtite Limited as the immediate parent company

Lantech is part of the Flowmax Limited group which prepares consolidated financial statements in accordance with International Financial Reporting Standards. Copies are available to the public and may be obtained from the Registrar of Companies

The directors regard SA Bias Industries (Pty) Limited, a company registered in South Africa, as the ultimate parent company

18 TRANSACTIONS WITH DIRECTORS

The following loans to directors subsisted during the years ended 30 April 2013 and 30 April 2012

	2013 £	2012 £
N J Harrower		
Balance outstanding at start of year	1,437	1,670
Amounts advanced	472	-
Amounts repaid	-	(233)
Balance outstanding at end of year	<u>1,909</u>	<u>1,437</u>

NOTES TO THE FINANCIAL STATEMENTS – continued

FOR THE YEAR ENDED 30 APRIL 2013

18 TRANSACTIONS WITH DIRECTORS - continued

	2013 £	2012 £
L A Lemon		
Balance outstanding at start of year	2,668	(1,510)
Amounts advanced	870	4,178
Amounts repaid	-	-
Balance outstanding at end of year	<u>3,538</u>	<u>2,668</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	2013 £	2012 £
Action-Sealtite Limited	Sales	19,113	27,607
	Purchases	48,232	25,027
Bellflow Systems Limited	Purchases	98	-
Hytek (GB) Limited	Sales	-	678
	Purchases	2,881	154
Mechtronic Limited	Sales	(195)	195
Centre Tank Services Limited	Purchases	211	-

Auditors remuneration of £2,750 (2012 £3,000) has been borne by Action-Sealtite Limited for the year ended 30 April 2013

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

Action-Sealtite Limited	Amount due to	1,012	44
Action-Sealtite Limited	Amount due from	60	-
Mechtronic Limited	Amount due from	-	234

Dividends in the year paid to the directors were

N Harrower	£5,000	(2012 £4,000)
L Lemon	£5,000	(2012 £4,000)