

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014
FOR
LANTECH SOLUTIONS LIMITED

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

FRIDAY



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17/04/2015
COMPANIES HOUSE

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FOR THE YEAR ENDED 31 DECEMBER 2014

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LANTECH SOLUTIONS LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2014

DIRECTORS:

N Harrower
L A Lemon
H Robinson
P Robinson
J Brennan

SECRETARY:

N 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 Statutory 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 Profit or Loss and Other 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 Profit or Loss and Other 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 31 December 2014 which comprise the Statement of Profit or Loss and Other 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2014 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 from the requirement to prepare a Strategic Report or in preparing the Report of the Directors

MR Salvage Limited

John Taylor BSc FCA ATII (Senior Statutory Auditor)
for and on behalf of M R Salvage Limited

Chartered Accountants
and Statutory Auditors

7/8 Eghams Court

Boston Drive

Bourne End

Buckinghamshire

SL8 5YS

Date

7th April 2015

STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2014

	Notes	2014 £	2013 £
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	<u>14,878</u>	<u>3,421</u>
CURRENT ASSETS			
Inventories	8	69,877	58,572
Trade and other receivables	9	211,889	180,490
Tax receivable		2,027	1,527
Cash and cash equivalents	10	<u>76,865</u>	<u>72,628</u>
		<u>360,658</u>	<u>313,217</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	198,447	168,506
Financial liabilities - borrowings			
Interest bearing loans and borrowings	12	1,948	-
Tax payable		<u>20,127</u>	<u>25,834</u>
		<u>220,522</u>	<u>194,340</u>
NET CURRENT ASSETS		<u>140,136</u>	<u>118,877</u>
NON-CURRENT LIABILITIES			
Financial liabilities - borrowings			
Interest bearing loans and borrowings	12	9,347	-
Deferred tax	15	<u>930</u>	<u>930</u>
		<u>10,277</u>	<u>930</u>
NET ASSETS		<u>144,737</u>	<u>121,368</u>
SHAREHOLDERS' EQUITY			
Called up share capital	16	100	100
Retained earnings	17	<u>144,637</u>	<u>121,268</u>
TOTAL EQUITY		<u>144,737</u>	<u>121,368</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 Profit or Loss and Other Comprehensive Income.

The financial statements were approved by the Board of Directors on 30/3/15 and were signed on its behalf by

.....
P Robinson - Director

N Harrower - Director

The notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 May 2013	100	109,815	109,915
Changes in equity			
Dividends	-	(30,000)	(30,000)
Total comprehensive income	-	41,453	41,453
Balance at 31 December 2013	<u>100</u>	<u>121,268</u>	<u>121,368</u>
Changes in equity			
Dividends	-	(50,000)	(50,000)
Total comprehensive income	-	73,369	73,369
Balance at 31 December 2014	<u>100</u>	<u>144,637</u>	<u>144,737</u>

The notes form part of these financial statements

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2014

		Year Ended 31 12 14 £	Period 1 5 13 to 31 12 13 £
Cash flows from operating activities			
Cash generated from operations	1	70,091	23,714
Interest element of finance lease payments paid		(237)	-
Tax paid		<u>(25,834)</u>	<u>-</u>
Net cash from operating activities		<u>44,020</u>	<u>23,714</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		(17,328)	-
Sale of property, plant and equipment		600	-
Interest received		<u>11</u>	<u>21</u>
Net cash from investing activities		<u>(16,717)</u>	<u>21</u>
Cash flows from financing activities			
Capital repayments in year		11,295	-
Amount introduced by directors		-	5,447
Amount withdrawn by directors		(2,001)	(5,796)
Movement in group debt		17,640	-
Equity dividends paid		<u>(50,000)</u>	<u>(30,000)</u>
Net cash from financing activities		<u>(23,066)</u>	<u>(30,349)</u>
Increase/(decrease) in cash and cash equivalents		<u>4,237</u>	<u>(6,614)</u>
Cash and cash equivalents at beginning of year	2	<u>72,628</u>	<u>79,242</u>
Cash and cash equivalents at end of year	2	<u><u>76,865</u></u>	<u><u>72,628</u></u>

The notes form part of these financial statements

NOTES TO THE STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2014

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

	Year Ended 31 12 14 £	Period 1 5 13 to 31 12 13 £
Profit before income tax	92,996	54,145
Depreciation charges	5,621	1,733
Profit on disposal of fixed assets	(350)	-
Finance costs	237	-
Finance income	(11)	(21)
	<u>98,493</u>	<u>55,857</u>
(Increase)/decrease in inventories	(11,305)	2,318
Increase in trade and other receivables	(29,398)	(25,760)
Increase/(decrease) in trade and other payables	<u>12,301</u>	<u>(8,701)</u>
Cash generated from operations	<u><u>70,091</u></u>	<u><u>23,714</u></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 31 December 2014

	31 12 14 £	1 1 14 £
Cash and cash equivalents	<u><u>76,865</u></u>	<u><u>72,628</u></u>

Period ended 31 December 2013

	31 12 13 £	1 5 13 £
Cash and cash equivalents	<u><u>72,628</u></u>	<u><u>79,242</u></u>

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

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 of the company in the year under review was that of the supply of flexible hoses and couplings.

Implementation of new accounting standards

With effect from 1 January 2014, Lantech Solutions Limited has implemented, where applicable, 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 'Disclosures of interests in other entities', amendments to IFRS 10, IFRS 11 and IFRS 12 - 'Transition guidance', amendments to IFRS 10, IFRS 12 and IAS 27 - 'Investment Entities', amendments to IAS 32 and IFRS 7 - 'Amendments to application guidance on the offsetting of financial assets and financial liabilities', amendments to IAS 36 - 'Recoverable amount disclosures for non-financial assets', amendments to IAS 39 - 'Novation of derivatives and continuation of hedge accounting' and 'IFRIC 21 - Levies'.

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:

Amendments to IAS 19 - Defined benefit plans Employee contributions
Annual Improvements to International Financial Reporting Standards 2010-2012 Cycle
Annual Improvements to International Financial Reporting Standards 2011-2013 Cycle

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
IFRS 14 Regulatory Deferral Accounts
IFRS 15 Revenue from Contracts with Customers
Amendments to IFRS 11 - 'Accounting for acquisitions of interests in joint operations'
Amendments to IAS 16 and IAS 38 - 'Clarification of acceptable methods of depreciation and amortisation'
Amendments to IAS 16 and IAS 41 - 'Bearer plants'
Amendments to IAS 27 - 'Equity method in separate financial statements'
Amendments to IFRS 10 and IAS 28 - 'Sale of contribution of assets between an investor and its associate or joint venture'
Amendments to IAS 1 - 'Disclosure initiative'
Amendments to IFRS 10, IFRS 12 and IAS 38 - 'Investment Entities - Applying the consolidation exception'
Annual Improvements to International Financial Reporting Standards 2012-2014 Cycle

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.

NOTES TO THE FINANCIAL STATEMENTS - continued

FOR THE YEAR ENDED 31 DECEMBER 2014

1 ACCOUNTING POLICIES – continued

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	Over the life of the lease
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

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

NOTES TO THE FINANCIAL STATEMENTS - continued

FOR THE YEAR ENDED 31 DECEMBER 2014

1 ACCOUNTING POLICIES - continued

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 the lower of cost and net realisable value 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. Cost is calculated on a weighted average basis.

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.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

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 31 DECEMBER 2014

1 ACCOUNTING POLICIES - continued

Financial reporting framework

The financial statements for the current period are made up for the year to 31 December 2014. The financial statements for the prior period were made up for an eight month period to 31 December 2013, the accounting period having been shortened to coincide with other group companies. The comparative figures for the period ended 31 December 2013 are therefore not strictly comparable in this case.

2 EMPLOYEES AND DIRECTORS

	Year Ended 31 12 14 £	Period 1 5 13 to 31 12 13 £
Wages and salaries	191,174	99,702
Social security costs	9,531	6,708
Other pension costs	<u>9,740</u>	<u>5,651</u>
	<u>210,445</u>	<u>112,061</u>

	Year Ended 31 12 14 £	Period 1 5 13 to 31 12 13 £
Directors' remuneration	97,907	67,791
Directors' pension contributions to money purchase schemes	<u>8,640</u>	<u>4,920</u>

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

Money purchase schemes	<u>2</u>	<u>2</u>
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3 NET FINANCE COSTS

	Year Ended 31 12 14 £	Period 1 5 13 to 31 12 13 £
Finance income		
Deposit account interest	<u>11</u>	<u>21</u>
Finance costs		
Leasing charges	<u>237</u>	<u>-</u>
Net finance costs	<u>226</u>	<u>(21)</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

FOR THE YEAR ENDED 31 DECEMBER 2014

4 PROFIT BEFORE INCOME TAX

The profit before income tax is stated after charging/(crediting)

	Year Ended 31 12 14 £	Period 1 5 13 to 31 12 13 £
Cost of inventories recognised as expense	784,479	431,607
Other operating leases	17,213	9,429
Depreciation - owned assets	2,478	1,733
Depreciation - assets on finance leases	3,143	-
Profit on disposal of fixed assets	(350)	-
Auditors' remuneration	2,400	5,250
Cost of inventories written off in the year	<u>3,726</u>	<u>13,365</u>

5 INCOME TAX

Analysis of tax expense

	Year Ended 31 12 14 £	Period 1 5 13 to 31 12 13 £
Current tax		
Taxation	<u>19,627</u>	<u>12,692</u>
Total tax expense in statement of profit or loss and other comprehensive income	<u>19,627</u>	<u>12,692</u>

Factors affecting the tax expense

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below

	Year Ended 31 12 14 £	Period 1 5 13 to 31 12 13 £
Profit on ordinary activities before income tax	<u>92,996</u>	<u>54,145</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21% (2013 - 23%)	19,529	12,453
Effects of		
Capital allowances in excess of depreciation	307	295
Change in tax rate	451	(56)
Finance lease	<u>(660)</u>	<u>-</u>
Tax expense	<u>19,627</u>	<u>12,692</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

FOR THE YEAR ENDED 31 DECEMBER 2014

6 DIVIDENDS

	Year Ended 31 12 14 £	Period 1 5 13 to 31 12 13 £
Interim	<u>50,000</u>	<u>30,000</u>

Dividends of £500 per share (2013 £300) were paid during December 2014

7 PROPERTY, PLANT AND EQUIPMENT

	Improvements to property £	Plant and machinery £	Motor vehicles £	Computer equipment £	Totals £
COST					
At 1 January 2014	3,803	12,167	3,000	8,281	27,251
Additions	-	-	14,828	2,500	17,328
Disposals	<u>-</u>	<u>-</u>	<u>(3,000)</u>	<u>-</u>	<u>(3,000)</u>
At 31 December 2014	<u>3,803</u>	<u>12,167</u>	<u>14,828</u>	<u>10,781</u>	<u>41,579</u>
DEPRECIATION					
At 1 January 2014	2,180	11,087	2,750	7,813	23,830
Charge for year	760	630	3,350	881	5,621
Eliminated on disposal	<u>-</u>	<u>-</u>	<u>(2,750)</u>	<u>-</u>	<u>(2,750)</u>
At 31 December 2014	<u>2,940</u>	<u>11,717</u>	<u>3,350</u>	<u>8,694</u>	<u>26,701</u>
CARRYING AMOUNT					
At 31 December 2014	<u>863</u>	<u>450</u>	<u>11,478</u>	<u>2,087</u>	<u>14,878</u>

	Improvements to property £	Plant and machinery £	Motor vehicles £	Computer equipment £	Totals £
COST					
At 1 May 2013 and 31 December 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 2013	1,673	10,667	2,250	7,507	22,097
Charge for period	<u>507</u>	<u>420</u>	<u>500</u>	<u>306</u>	<u>1,733</u>
At 31 December 2013	<u>2,180</u>	<u>11,087</u>	<u>2,750</u>	<u>7,813</u>	<u>23,830</u>
CARRYING AMOUNT					
At 31 December 2013	<u>1,623</u>	<u>1,080</u>	<u>250</u>	<u>468</u>	<u>3,421</u>

The carrying amount of Motor vehicles includes £10,857 (2013 - £NIL) in respect of assets held under finance leases

NOTES TO THE FINANCIAL STATEMENTS - continued

FOR THE YEAR ENDED 31 DECEMBER 2014

8 INVENTORIES

	2014 £	2013 £
Inventories	<u>69,877</u>	<u>58,572</u>

Inventories above includes a provision of £3,726 (2013 £13,365) for slow moving and obsolete stock

9 TRADE AND OTHER RECEIVABLES

	2014 £	2013 £
Current		
Trade debtors	196,050	170,417
Other debtors	2,748	-
Directors' current accounts	7,797	5,796
Prepayments	<u>5,294</u>	<u>4,277</u>
	<u>211,889</u>	<u>180,490</u>

10. CASH AND CASH EQUIVALENTS

	2014 £	2013 £
Cash in hand	70	-
Bank accounts	<u>76,795</u>	<u>72,628</u>
	<u>76,865</u>	<u>72,628</u>

11 TRADE AND OTHER PAYABLES

	2014 £	2013 £
Current		
Trade creditors	131,042	102,687
Amounts owed to group undertakings	17,640	-
Social security and other taxes	5,388	4,468
Other creditors	90	205
Accruals and deferred income	30,251	51,978
VAT	<u>14,036</u>	<u>9,168</u>
	<u>198,447</u>	<u>168,506</u>

12 FINANCIAL LIABILITIES - BORROWINGS

	2014 £	2013 £
Current		
Finance leases (see note 13)	<u>1,948</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

FOR THE YEAR ENDED 31 DECEMBER 2014

12 FINANCIAL LIABILITIES - BORROWINGS - continued

			2014 £	2013 £
Non-current				
Finance leases (see note 13)			<u>9,347</u>	<u>-</u>
Terms and debt repayment schedule				
	1 year or less £	1-2 years £	2-5 years £	Totals £
Finance leases	<u>1,948</u>	<u>1,948</u>	<u>7,399</u>	<u>11,295</u>

13 LEASING AGREEMENTS

Minimum lease payments fall due as follows

	Finance leases	
	2014 £	2013 £
Net obligations repayable		
Within one year	1,948	-
Between one and five years	<u>9,347</u>	<u>-</u>
	<u>11,295</u>	<u>-</u>
Non-cancellable operating leases		
	2014 £	2013 £
Within one year	28,877	25,143
Between one and five years	83,833	22,585
In more than five years	<u>39,292</u>	<u>-</u>
	<u>152,002</u>	<u>47,728</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

FOR THE YEAR ENDED 31 DECEMBER 2014

14 FINANCIAL INSTRUMENTS

Financial assets - Loans and receivables

	2014 £	2013 £
Trade receivables	204,250	178,617
Allowance for doubtful debts	(8,200)	(8,200)
Other debtors	7,797	5,796
	<u>203,847</u>	<u>176,213</u>

Movement in allowance for doubtful debts

	2014 £	2013 £
Balance at 1 January 2014	8,200	4,300
Amounts written off in year	-	(3,570)
Amounts recovered in year	-	-
Increase or decrease recognised in the income statement	-	7,470
Balance at 31 December 2014	<u>8,200</u>	<u>8,200</u>

The average credit period for sales of goods is 61 (2013 69) days

Included in the company's trade receivables are debtors with a carrying amount of £45,129 (2013 £39,141) 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 93 (2013 92) 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

	2014 £	2013 £
Trade payables	131,042	102,687
Other payables	39,640	34,911
Finance lease	11,295	-
	<u>181,977</u>	<u>137,598</u>

The average credit period on purchases of goods is 78 (2013 74) 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.

NOTES TO THE FINANCIAL STATEMENTS - continued

FOR THE YEAR ENDED 31 DECEMBER 2014

14 FINANCIAL INSTRUMENTS - continued

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

The maturity profile and details of financial liabilities are set out in note 12 to the Financial statements. The company finances its operations partly through these borrowings. The company generally borrows in £ sterling at market rates of interest.

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.

Market risk

The company does not sell and buy internationally in foreign currency 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%.

15 DEFERRED TAX

	2014 £	2013 £
Balance at 1 January	<u>930</u>	<u>930</u>
Balance at 31 December	<u><u>930</u></u>	<u><u>930</u></u>

NOTES TO THE FINANCIAL STATEMENTS - continued

FOR THE YEAR ENDED 31 DECEMBER 2014

15 DEFERRED TAX - continued

	2014 £	2013 £
Deferred tax is analysed over the following timing differences - Capital allowances in excess of depreciation	<u>930</u>	<u>930</u>

16 CALLED UP SHARE CAPITAL

Authorised Number	Class	Nominal value	2014 £	2013 £
1,000	Ordinary	£1	<u>1,000</u>	<u>1,000</u>
Allotted, issued and fully paid Number	Class	Nominal value	2014 £	2013 £
100	Ordinary	£1	<u>100</u>	<u>100</u>

17 RESERVES

	Retained earnings £
At 1 January 2014	121,268
Profit for the year	73,369
Dividends	<u>(50,000)</u>
At 31 December 2014	<u>144,637</u>
	Retained earnings £
At 1 May 2013	109,815
Profit for the period	41,453
Dividends	<u>(30,000)</u>
At 31 December 2013	<u>121,268</u>

18 ULTIMATE PARENT COMPANY

The company is a subsidiary undertaking of Action-Sealtite Limited, incorporated in England and Wales, which holds 50% of the issued shares and controls the operating and financial policies of the company

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

Lantech Solutions Limited 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

NOTES TO THE FINANCIAL STATEMENTS - continued

FOR THE YEAR ENDED 31 DECEMBER 2014

19 DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to directors subsisted during the year ended 31 December 2014 and the period ended 31 December 2013

	2014 £	2013 £
N Harrower		
Balance outstanding at start of year	2,782	2,355
Amounts advanced	920	427
Amounts repaid	-	-
Balance outstanding at end of year	<u>3,702</u>	<u>2,782</u>
L A Lemon		
Balance outstanding at start of year	3,014	3,092
Amounts advanced	1,081	-
Amounts repaid	-	(78)
Balance outstanding at end of year	<u>4,095</u>	<u>3,014</u>

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

20 RELATED PARTY DISCLOSURES

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

Related party:	Type of transaction:	2014 £	2013 £
Action-Sealtite Limited	Sales	15,404	12,576
	Purchases	80,234	28,473
Bellflow Systems Limited	Sales	132	-
	Purchases	750	183
Hytek (GB) Limited	Purchases	581	160
Flowmax Limited	Purchases	4,463	-
Centre Tank Services Limited	Purchases	-	233
	Sales	-	22
Castle Pumps Ltd	Sales	-	184
	Purchases	420	-
Industrial Flow Control Limited	Sales	-	821

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

Action-Sealtite Limited	Amount due to	17,027	-
Flowmax Limited	Amount due to	108	-
Castle Pumps Ltd	Amount due (to)/from	(504)	221

Dividends in the period paid to the directors were

N Harrower £12,500 (2013 £7,500)

L Lemon £12,500 (2013 £7,500)

Dividends in the period were also paid to

Action-Sealtite Limited £25,000 (2013 £15,000)