

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015
FOR
LANTECH SOLUTIONS LIMITED



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

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FOR THE YEAR ENDED 31 DECEMBER 2015

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LANTECH SOLUTIONS LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2015

DIRECTORS:

N Harrower
L A Lemon
H Robinson
P Robinson
J Brennan

SECRETARY:

N Harrower

REGISTERED OFFICE:

Unit 3
Bradley Junction Industrial Estate
Off Leeds Road
Huddersfield
West Yorkshire
HD2 1UR

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 2015 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 2015 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.

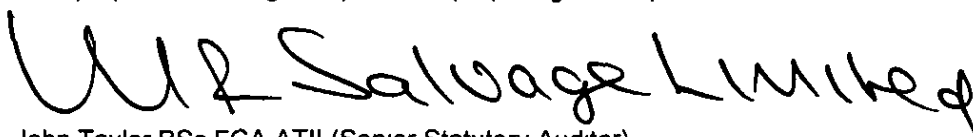
REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF

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

 M R 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 23/3/16

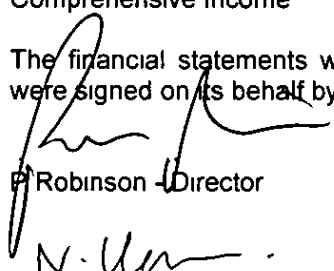
STATEMENT OF FINANCIAL POSITION

		31 DECEMBER 2015	
	Notes	2015 £	2014 £
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	<u>9,964</u>	<u>14,878</u>
CURRENT ASSETS			
Inventories	8	68,379	69,877
Trade and other receivables	9	187,718	211,889
Tax receivable		2,027	2,027
Cash and cash equivalents	10	<u>106,904</u>	<u>76,865</u>
		<u>365,028</u>	<u>360,658</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	215,915	198,447
Financial liabilities - borrowings			
Interest bearing loans and borrowings	12	1,948	1,948
Tax payable		<u>7,071</u>	<u>20,127</u>
		<u>224,934</u>	<u>220,522</u>
NET CURRENT ASSETS		<u>140,094</u>	<u>140,136</u>
NON-CURRENT LIABILITIES			
Financial liabilities - borrowings			
Interest bearing loans and borrowings	12	7,399	9,347
Deferred tax	15	<u>930</u>	<u>930</u>
		<u>8,329</u>	<u>10,277</u>
NET ASSETS		<u>141,729</u>	<u>144,737</u>
SHAREHOLDERS' EQUITY			
Called up share capital	16	100	100
Retained earnings	17	<u>141,629</u>	<u>144,637</u>
TOTAL EQUITY		<u>141,729</u>	<u>144,737</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 23/3/16 and were signed on its behalf by

 P Robinson - Director

 N 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 31 DECEMBER 2015

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2014	100	121,268	121,368
Changes in equity			
Dividends	-	(50,000)	(50,000)
Total comprehensive income	-	<u>73,369</u>	<u>73,369</u>
Balance at 31 December 2014	<u>100</u>	<u>144,637</u>	<u>144,737</u>
Changes in equity			
Dividends	-	(52,000)	(52,000)
Total comprehensive income	-	<u>48,992</u>	<u>48,992</u>
Balance at 31 December 2015	<u>100</u>	<u>141,629</u>	<u>141,729</u>

The notes form part of these financial statements

STATEMENT OF CASH FLOWS**FOR THE YEAR ENDED 31 DECEMBER 2015**

		2015 £	2014 £
Cash flows from operating activities			
Cash generated from operations	1	100,401	70,091
Interest element of finance lease payments paid		(258)	(237)
Tax paid		<u>(26,079)</u>	<u>(25,834)</u>
Net cash from operating activities		<u>74,064</u>	<u>44,020</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		(2,039)	(17,328)
Sale of property, plant and equipment		2,900	600
Interest received		<u>-</u>	<u>11</u>
Net cash from investing activities		<u>861</u>	<u>(16,717)</u>
Cash flows from financing activities			
Capital repayments in year		(1,948)	11,295
Amount introduced by directors		8,306	-
Amount withdrawn by directors		(1,005)	(2,001)
Movement in group debt		1,761	17,640
Equity dividends paid		<u>(52,000)</u>	<u>(50,000)</u>
Net cash from financing activities		<u>(44,886)</u>	<u>(23,066)</u>
Increase in cash and cash equivalents			
		<u>30,039</u>	<u>4,237</u>
Cash and cash equivalents at beginning of year	2	<u>76,865</u>	<u>72,628</u>
Cash and cash equivalents at end of year	2	<u><u>106,904</u></u>	<u><u>76,865</u></u>

The notes form part of these financial statements

NOTES TO THE STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

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

	2015 £	2014 £
Profit before income tax	62,015	92,996
Depreciation charges	6,826	5,621
Profit on disposal of fixed assets	(2,773)	(350)
Finance costs	258	237
Finance income	-	(11)
	<u>66,326</u>	<u>98,493</u>
Decrease/(increase) in inventories	1,498	(11,305)
Decrease/(increase) in trade and other receivables	16,870	(29,398)
Increase in trade and other payables	<u>15,707</u>	<u>12,301</u>
Cash generated from operations	<u><u>100,401</u></u>	<u><u>70,091</u></u>

2 CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts

Year ended 31 December 2015

	31 12 15 £	1 1 15 £
Cash and cash equivalents	<u><u>106,904</u></u>	<u><u>76,865</u></u>

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>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

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 2015, Lantech Solutions Limited has implemented, where applicable, Annual Improvements to International Financial Reporting Standards 2011-2013 Cycle.

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 1 - 'Disclosure initiative'

Amendments to IAS 19 - Defined benefit plans Employee contributions

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 11 - 'Accounting for acquisitions of interests in joint operations'

Annual Improvements to International Financial Reporting Standards 2010-2012 Cycle

Annual Improvements to International Financial Reporting Standards 2012-2014 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

IFRS 16 'Leases'

Amendments to IAS 12 'Recognition of Deferred Tax Assets for Unrealised Losses'

Amendments to IFRS 10 and IAS 28 - 'Sale of contribution of assets between an investor and its associate or joint venture'

Amendments to IFRS 10, IFRS 12 and IAS 28 'Investment Entities - Applying the consolidation exception'

The directors anticipate that, except for IFRS 16 'Leases', these standards or interpretations will either not be applicable to the company or that adoption in future periods will have no material impact on the financial statements of the company. IFRS 16 is not expected to be effective for this company until at least 31 December 2019.

Whereas minimum lease commitments for non-cancellable operating leases are not capitalised under existing International Financial Reporting Standards and IFRIC Interpretations, if IFRS 16 is endorsed by the EU as drafted, the Statement of Financial Position for future periods will be adjusted to include additional assets for land and buildings and motor vehicles within property, plant and equipment and to include liabilities for an equal amount within current and non-current liabilities in relation to ongoing lease commitments for these assets. There would be no expected impact on the retained income or on net assets as a result of the implementation of IFRS 16. The minimum lease commitments for non-cancellable operating leases as at 31 December 2015 are disclosed in the notes to these financial statements.

NOTES TO THE FINANCIAL STATEMENTS - continued

FOR THE YEAR ENDED 31 DECEMBER 2015

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	- Remaining period of the lease
Plant and machinery	- 25% on cost
Motor vehicles	- Over the life of the lease
Computer equipment	- 33 3% 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

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

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2015

1 ACCOUNTING POLICIES - continued

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

Comparative information

The directors consider that certain labour costs should be included in cost of sales instead of general administrative expenses, in order for the financial statements to give a fairer presentation. Accordingly, the comparative figures have been adjusted to include £16,174 in cost of sales which was previously included within administrative expenses. There was no impact on the reported result for the prior period

NOTES TO THE FINANCIAL STATEMENTS - continued**FOR THE YEAR ENDED 31 DECEMBER 2015****2 EMPLOYEES AND DIRECTORS**

	2015 £	2014 £
Wages and salaries	183,867	191,174
Social security costs	10,499	9,531
Other pension costs	<u>9,308</u>	<u>9,740</u>
	<u>203,674</u>	<u>210,445</u>

	2015 £	2014 £
Directors' remuneration	105,983	97,907
Directors' pension contributions to money purchase schemes	<u>8,640</u>	<u>8,640</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

	2015 £	2014 £
Finance income		
Deposit account interest	<u>-</u>	<u>11</u>
Finance costs		
Leasing charges	<u>258</u>	<u>237</u>
Net finance costs	<u>258</u>	<u>226</u>

4 PROFIT BEFORE INCOME TAX

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

	2015 £	2014 £
Cost of inventories recognised as expense	680,014	784,479
Other operating leases	17,132	17,213
Depreciation - owned assets	3,326	2,478
Depreciation - assets on finance leases	3,500	3,143
Profit on disposal of fixed assets	(2,773)	(350)
Auditors' remuneration	2,470	2,400
Cost of inventories written off in the year	<u>10,114</u>	<u>3,726</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

FOR THE YEAR ENDED 31 DECEMBER 2015

5 INCOME TAX

Analysis of tax expense

	2015 £	2014 £
Current tax Taxation	<u>13,023</u>	<u>19,627</u>
Total tax expense in statement of profit or loss and other comprehensive income	<u>13,023</u>	<u>19,627</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

	2015 £	2014 £
Profit on ordinary activities before income tax	<u>62,015</u>	<u>92,996</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20.250% (2014 - 21%)	12,558	19,529
Effects of Capital allowances in excess of depreciation	552	307
Change in tax rate	585	451
Finance lease	(709)	(660)
Expenses not deductible for tax purposes	<u>37</u>	<u>-</u>
Tax expense	<u>13,023</u>	<u>19,627</u>

6 DIVIDENDS

	2015 £	2014 £
Interim	<u>52,000</u>	<u>50,000</u>

For the year ended 31 December 2015, the following dividends were paid

Dividends of £520 per share were paid in April 2015

For the year ended 31 December 2014, the following dividends were paid

Dividends of £500 per ordinary share were paid in April 2014

NOTES TO THE FINANCIAL STATEMENTS - continued

FOR THE YEAR ENDED 31 DECEMBER 2015

7 PROPERTY, PLANT AND EQUIPMENT

	Improvements to property £	Plant and machinery £	Motor vehicles £	Computer equipment £	Totals £
COST					
At 1 January 2015	3,803	12,167	14,828	10,781	41,579
Additions	-	-	-	2,039	2,039
Disposals	<u>(3,803)</u>	<u>(9,017)</u>	<u>-</u>	<u>(6,590)</u>	<u>(19,410)</u>
At 31 December 2015	<u>-</u>	<u>3,150</u>	<u>14,828</u>	<u>6,230</u>	<u>24,208</u>
DEPRECIATION					
At 1 January 2015	2,940	11,717	3,350	8,694	26,701
Charge for year	736	450	3,707	1,933	6,826
Eliminated on disposal	<u>(3,676)</u>	<u>(9,017)</u>	<u>-</u>	<u>(6,590)</u>	<u>(19,283)</u>
At 31 December 2015	<u>-</u>	<u>3,150</u>	<u>7,057</u>	<u>4,037</u>	<u>14,244</u>
CARRYING AMOUNT					
At 31 December 2015	<u>-</u>	<u>-</u>	<u>7,771</u>	<u>2,193</u>	<u>9,964</u>

	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>

The carrying amount of Motor vehicles includes £7,357 (2014 - £10,857) in respect of assets held under finance leases

8 INVENTORIES

	2015 £	2014 £
Inventories	<u>68,379</u>	<u>69,877</u>

Inventories above includes a provision of £10,912 (2014 £3,726) for slow moving and obsolete stock

NOTES TO THE FINANCIAL STATEMENTS - continued

FOR THE YEAR ENDED 31 DECEMBER 2015

9 TRADE AND OTHER RECEIVABLES

	2015 £	2014 £
Current		
Trade debtors	182,580	196,050
Other debtors	60	2,748
Directors' current accounts	496	7,797
Prepayments	<u>4,582</u>	<u>5,294</u>
	<u>187,718</u>	<u>211,889</u>

10 CASH AND CASH EQUIVALENTS

	2015 £	2014 £
Cash in hand	642	70
Bank accounts	<u>106,262</u>	<u>76,795</u>
	<u>106,904</u>	<u>76,865</u>

11 TRADE AND OTHER PAYABLES

	2015 £	2014 £
Current		
Trade creditors	96,223	131,042
Amounts owed to group undertakings	19,401	17,640
Social security and other taxes	5,988	5,388
Other creditors	2,673	90
Accruals and deferred income	63,765	30,251
VAT	<u>27,865</u>	<u>14,036</u>
	<u>215,915</u>	<u>198,447</u>

12 FINANCIAL LIABILITIES - BORROWINGS

	2015 £	2014 £
Current		
Finance leases (see note 13)	<u>1,948</u>	<u>1,948</u>
Non-current		
Finance leases (see note 13)	<u>7,399</u>	<u>9,347</u>
Terms and debt repayment schedule		
	1 year or less £	1-2 years £
Finance leases	<u>1,948</u>	<u>1,948</u>
	2-5 years £	Totals £
	<u>5,451</u>	<u>9,347</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

FOR THE YEAR ENDED 31 DECEMBER 2015

13 LEASING AGREEMENTS

Minimum lease payments fall due as follows

	Finance leases	
	2015	2014
	£	£
Net obligations repayable		
Within one year	1,948	1,948
Between one and five years	<u>7,399</u>	<u>9,347</u>
	<u>9,347</u>	<u>11,295</u>

Non-cancellable operating leases

	2015	2014
	£	£
Within one year	28,211	28,877
Between one and five years	121,615	83,833
In more than five years	<u>18,792</u>	<u>39,292</u>
	<u>168,618</u>	<u>152,002</u>

14 FINANCIAL INSTRUMENTS

Financial assets - Loans and receivables

	2015	2014
	£	£
Trade receivables	187,333	204,250
Allowance for doubtful debts	(4,753)	(8,200)
Other debtors	<u>496</u>	<u>7,797</u>
	<u>183,076</u>	<u>203,847</u>

Movement in allowance for doubtful debts

	2015	2014
	£	£
Balance at 1 January 2015	8,200	8,200
Increase or decrease recognised in the income statement	<u>(3,447)</u>	<u>-</u>
Balance at 31 December 2015	<u>4,753</u>	<u>8,200</u>

The average credit period for sales of goods is 61 (2014 61) days

NOTES TO THE FINANCIAL STATEMENTS - continued

FOR THE YEAR ENDED 31 DECEMBER 2015

14 FINANCIAL INSTRUMENTS - continued

Financial assets - Loans and receivables - continued

Included in the company's trade receivables are debtors with a carrying amount of £40,554 (2014 £45,129) 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 80 (2014 93) 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

	2015 £	2014 £
Trade payables	96,223	131,042
Other payables	43,597	39,640
Finance lease	9,347	11,295
	<u>149,167</u>	<u>181,977</u>

The average credit period on purchases of goods is 79 (2014 78) 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

The maturity profile and details of financial liabilities are set out in notes 11 and 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.

NOTES TO THE FINANCIAL STATEMENTS - continued

FOR THE YEAR ENDED 31 DECEMBER 2015

14 FINANCIAL INSTRUMENTS - continued

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

	2015 £	2014 £
Balance at 1 January	<u>930</u>	<u>930</u>
Balance at 31 December	<u>930</u>	<u>930</u>
	2015 £	2014 £
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	2015 £	2014 £
1,000	Ordinary	£1	<u>1,000</u>	<u>1,000</u>
Allotted, issued and fully paid Number	Class	Nominal value	2015 £	2014 £
100	Ordinary	£1	<u>100</u>	<u>100</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

FOR THE YEAR ENDED 31 DECEMBER 2015

17 RESERVES

	Retained earnings £
At 1 January 2015	144,637
Profit for the year	48,992
Dividends	<u>(52,000)</u>
At 31 December 2015	<u>141,629</u>
	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>

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

19 CONTINGENT LIABILITIES

The company, its immediate parent and fellow subsidiaries are party to an omnibus guarantee and set-off agreement given to Lloyds Bank plc in respect of group overdraft facilities. The total level of indebtedness at the year end amounted to £nil (2014 £251,553)

The company, its immediate parent and fellow subsidiaries are party to an omnibus guarantee given to Sabias Securities UK Limited, a fellow group member incorporated in the British Virgin Islands, in respect of group debt facilities. The total level of indebtedness at the year end amounted to £nil (2014 £340,419)

NOTES TO THE FINANCIAL STATEMENTS - continued**FOR THE YEAR ENDED 31 DECEMBER 2015****20 DIRECTORS' ADVANCES, CREDITS AND GUARANTEES**

The following advances and credits to directors subsisted during the years ended 31 December 2015 and 31 December 2014

	2015 £	2014 £
N Harrower		
Balance outstanding at start of year	3,702	2,782
Amounts advanced	471	920
Amounts repaid	(3,938)	-
Balance outstanding at end of year	<u>235</u>	<u>3,702</u>
L A Lemon		
Balance outstanding at start of year	4,095	3,014
Amounts advanced	535	1,081
Amounts repaid	(4,369)	-
Balance outstanding at end of year	<u>261</u>	<u>4,095</u>

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

21 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	2015 £	2014 £
Action-Sealtite Limited	Sales	7,680	15,404
	Purchases	89,649	80,234
	Management charges	8,091	9,210
Bellflow Systems Limited	Sales	223	132
	Purchases	1,529	750
Hytek (GB) Limited	Purchases	1,587	581
Flowmax Limited	Purchases	3,776	4,463
BioPharma Dynamics Ltd	Purchases	46	-
Castle Pumps Ltd	Sales	406	-
	Purchases	-	420

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

Action-Sealtite Limited	Amount due to	19,401	17,027
Flowmax Limited	Amount due to	-	108
Castle Pumps Ltd	Amount due to	-	504

Dividends in the period paid to the directors were

N Harrower	£13,000	(2014 £12,500)
L Lemon	£13,000	(2014 £12,500)

Dividends in the period were also paid to

Action-Sealtite Limited £26,000 (2014 £25,000)