

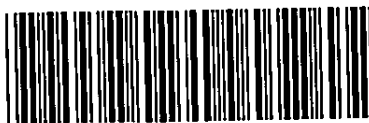
CLS Surfaces (Holdings) Limited

Report and Accounts

31 January 2012

Registered No: SC277048

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COMPANIES HOUSE

CLS Surfaces (Holdings) Limited

Registered No: SC 277048

Directors

W H Malcolm
M Kiely
S F Karrer
C H Pilgenrother

Secretary

C R Stewart

Auditors

Ernst & Young LLP
G1 Building
5 George Square
Glasgow
G2 1DY

Bankers

Bank of Scotland plc
123 St Vincent Street
Glasgow
G2 5EA

Solicitors

Dundas & Wilson
191 West George Street
Glasgow
G2 2LD

Registered Office

Brookfield House
2 Burnbrae Drive
Linwood Industrial Estate
Linwood
Renfrewshire
PA3 3BU

Directors' report

Registered No: SC 277048

The directors present their report and accounts for the year ended 31 January 2012.

Results and dividends

The loss for the year, after taxation, amounted to £42,000 (2011 – profit £158,000). The directors do not recommend an ordinary dividend.

Principal activity, review of the business and future developments

The company's principal activity is a holding company. The results for the year reflect the funding cost of the cumulative redeemable preference shares. The directors consider the future prospects of the company to be good as the performance of its subsidiary undertaking Charles Lawrence Surfaces Ltd has been encouraging.

Financial risk management objectives and policies

As the company's operations are virtually all situated within the United Kingdom, the principal financial risk is associated with interest rates.

The Board has agreed policies for interest rate and foreign currency risks to be managed by the central treasury function on a day to day basis. The purpose of these policies is twofold. Firstly, they ensure that the Group has adequate funding at all times. Secondly, the policies are designed to carefully manage all interest rate and any foreign currency exposures. Transactions of a speculative nature are not permitted.

Operations have been financed through a combination of bank borrowings, long-term loans and short-term cash deposits. The Group borrows in Sterling at floating rates of interest and utilises derivative transactions to generate the desired effective interest rate and foreign currency profiles.

Derivatives used for this purpose are primarily interest rate swaps, currency options and forward currency contracts.

Directors of the company

The directors during the period were as follows:

W H Malcolm

M Kiely

S F Karrer

C H Pilgenrother

No director received any emoluments during the year.

Directors' statement as to disclosure of information to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the group's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Directors' report (continued)

Going Concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in Directors' Report on page 2. The company is expected to continue to generate positive cash flows on its own account for the foreseeable future. The company participates in the group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries.

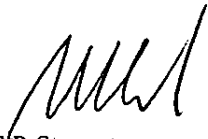
The directors, having assessed the responses of the directors of the company's ultimate parent The Malcolm Group Ltd to their enquiries have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the The Malcolm Group Ltd group to continue as a going concern or its ability to continue with the current banking arrangements.

On the basis of their assessment of the company's financial position and of the enquiries made of the directors of The Malcolm Group Ltd, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the board



C R Stewart
Secretary

31 October 2012

Statement of directors' responsibilities in respect of the accounts

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report

to the members of CLS Surfaces (Holdings) Limited

We have audited the company's financial statements for the year ended 31 January 2012 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses and the Balance Sheet and the related notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 Directors' Responsibilities Statement set out on page 4, 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 (APB'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 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 Directors' Report and Accounts to identify material inconsistencies with the audited Accounts. 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 company's affairs as at 31 January 2012 and of the company's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

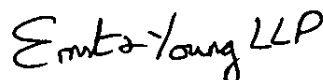
Opinion on other matter prescribed by the Companies Act 2006

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

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 by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company 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.



Mark Harvey (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Glasgow

31 October 2012

Profit and loss account

for the year ended 31 January 2012

		<i>Year to 31 Jan 2012</i>	<i>Year to to 31 Jan 2011</i>
	<i>Notes</i>	<i>£</i>	<i>£</i>
Dividends received from subsidiary		–	200,000
Net interest payable	3	(42,000)	(42,000)
(Loss) / profit on ordinary activities before taxation		<u>(42,000)</u>	<u>158,000</u>
Tax on (loss) / profit on ordinary activities		–	–
(Loss)/ profit on ordinary activities after taxation	11, 12	<u><u>(42,000)</u></u>	<u><u>158,000</u></u>

Statement of total recognised gains and losses

for the year ended 31 January 2012

There are no recognised gains and losses other than the loss of £42,000 (2011 – profit £158,000).

Balance sheet

at 31 January 2012

	Notes	2012 £	2011 £
Fixed assets			
Investments	5	1,400,000	1,400,000
Current assets			
Debtors: amounts falling due outwith one year	6	190,000	274,000
Creditors: amounts falling due within one year	7	(42,807)	(84,807)
Net current assets		147,193	189,193
Total assets less current liabilities		1,547,193	1,589,193
Creditors: amounts falling due after one year	8	700,000	700,000
Net assets		847,193	889,193
Capital and reserves			
Called up share capital	10	700,000	700,000
Profit and loss account	11	147,193	189,193
Shareholders' funds	12	847,193	889,193



W H Malcolm
Director

31 October 2012

Notes to the accounts

at 31 January 2012

1. Accounting policies

The financial statements of CLS Surfaces (Holdings) Limited were approved for issue by the Board of Directors on 31 October 2012.

Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

Group financial statements are not submitted in view of the fact the company is a wholly owned subsidiary of another body corporate, incorporated in the U.K.

In view of the exemptions available under FRS 1, no Cash Flow Statement has been prepared. A Group Cash Flow Statement consolidating the cash flows of the company is combined within the financial statements of The Malcolm Group Limited, the ultimate parent company.

The company has taken advantage of the exemption in FRS 8 which permits non-disclosure of transactions with entities which are part of The Malcolm Group Limited whose consolidated financial statements are available from the Registrar of Companies.

2. Staff costs

The company has no employees apart from the directors. No director received any emoluments during the period.

A number of directors of this company are also directors of the holding company and fellow subsidiaries. These directors received total remuneration for the year of £368,596 (2010/11 £460,475) all of which was paid by a fellow subsidiary company. The directors do not believe that it is practicable to apportion this amount between their services as director of the company and their services as director of the holding and fellow subsidiary companies.

The average monthly number of employees during the year was made up as follows:

	2011/12 No.	2010/11 No.
Office and management	4	4

3. Net interest payable

	2011/12 £	2010/11 £
Preference share dividend	42,000	42,000

Notes to the accounts

at 31 January 2012

4. Taxation

Factors affecting current tax charge

The tax assessed on the results for the year is higher than the standard rate of corporation tax in the UK of 26.3% (2011 – 28%). The differences are reconciled below:

	2011/12 £	2010/11 £
The charge for the year comprises:		
(Loss) / profit on ordinary activities after exceptional items	(42,000)	158,000
Tax on profit on ordinary activities @ 26.3% (2010/11 – 28%)	(11,046)	44,240
Effects of:		
Inter company dividends received	–	(56,000)
Preference dividends disclosed in interest	11,046	11,760
	–	–

5. Investments

	Cost and net book value £
At 1 February 2011 and 31 January 2012	1,400,000

Details of the company's principal operating subsidiary are noted below:

Name of Company	Country of incorporation or registration	Holding	Nature of business
Charles Lawrence Surfaces Limited	England	Ordinary Shares of £1 each	Supply and installation of specialist synthetic sports and recreational surfaces and related equipment

6. Debtors: amounts falling due outwith one year

	2012 £	2011 £
Amount due from subsidiary undertaking	190,000	274,000

7. Creditors: amounts falling due within one year

	2012 £	2011 £
Preference dividend	42,807	84,807

Notes to the accounts

at 31 January 2012

8. Creditors: amounts falling due after more than one year

	2012	2011
	£	£
Cumulative redeemable preference shares (note 9)	700,000	700,000

9. Cumulative redeemable preference shares included within creditors

In accordance with FRS 25 "Financial Instruments: Disclosure and Presentation" Preference shares are presented as a liability. The related dividends are classified as interest.

Authorised

	2012 No	2011 No	2012 £	2011 £
<i>Preference shares:</i>				
Cumulative Redeemable Preference shares of £1 each ("Preference shares")	700,000	700,000	700,000	700,000

10. Share capital

	2012		2011	
	Number	Amount £	Number	Amount £
Authorised				
Ordinary shares of £1 each	700,000	700,000	700,000	700,000
Allotted, issued and fully paid				
Ordinary shares of £1 each	700,000	700,000	700,000	700,000

Movements in share capital during the year were as follows:

	Ordinary Shares Number	Nominal Amount £
Shares in issue at 1 February 2011 and 31 January 2012	700,000	700,000

11. Reserves

	Profit and loss account £	Total £
At 1 February 2011	189,193	189,193
Profit and loss account	(42,000)	(42,000)
At 31 January 2012	147,193	147,193

Notes to the accounts

at 31 January 2012

12. Reconciliation of movement in shareholders' funds

	2011/12	2010/11
	£	£
Total recognised gains / (losses)	(42,000)	158,000
Total movements during the period	(42,000)	158,000
Shareholders' funds at beginning of period	889,193	731,193
Shareholders' funds at end of period	847,193	889,193

13. Commitments

Capital commitments contracted for but not provided in the accounts amounted to £Nil (2011 - £Nil). There are no annual commitments under non-cancellable operating leases.

14. Ultimate parent company

The directors consider The Malcolm Group Limited, registered in Scotland, to be the company's ultimate parent company. This is the only parent company for which group accounts are drawn up and of which the company is a member. Copies of the accounts of The Malcolm Group Limited can be obtained from Companies House.