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FAIREY INDUSTRIAL CERAMICS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

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COMPANIES HOUSE

FAIREY INDUSTRIAL CERAMICS LIMITED

COMPANY INFORMATION

DIRECTORS

T. P. Kelly
C. Lowndes
S. J. Oakes
N. P. Hipkiss
A. Bernhardt (Non-Exec)

COMPANY SECRETARY

C. Lowndes

REGISTERED NUMBER

01232580

REGISTERED OFFICE

Albion Works
Uttoxeter Road
Longton
Stoke-on-Trent
ST3 1PH

INDEPENDENT AUDITORS

Simmons Gainsford LLP
Chartered Accountants & Statutory Auditors
7-10 Chandos Street
London
W1G 9DQ

FAIREY INDUSTRIAL CERAMICS LIMITED

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FAIREY INDUSTRIAL CERAMICS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their report and financial statements for the year ended 31 December 2015.

BUSINESS REVIEW

The principle activity of the company continues to be that of the manufacture and distribution of ceramic point of use drinking water filters and associated equipment.

Although 2015 has seen another increase in turnover, profitability has declined due to the company's increased investment in market and product development.

The company is committed to offering quality ceramic filtration solutions with strong branding and innovative variations. A major anti-counterfeiting program has been rolled out worldwide during 2016 to support our branding strategy.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks to the company continue to be pressure from competitors in lower cost economies and alternative filtration technologies.

FINANCIAL INSTRUMENTS

The company's financial instruments principally comprise cash at bank and a hire purchase finance facility. In addition, the company has various other financial assets and liabilities such as trade debtors and trade creditors arising directly from operations. It is, and has been throughout the period under review, the company's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the company's financial statements are interest, liquidity, currency and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. These policies have remained unchanged throughout the period.

Liquidity Risk

The company manages its borrowing requirements to ensure the company has sufficient liquid resources to meet the operating needs of the business.

Interest Rate Risk

The company is exposed to cash flow interest rate risk on its floating rate borrowings. All borrowings are in Sterling.

Foreign Currency Risk

The company is exposed to exchange rate fluctuations particularly where goods are invoiced in US Dollars. This is largely managed through a natural hedge generated from imports of raw materials denominated in US Dollars.

FAIREY INDUSTRIAL CERAMICS LIMITED

**STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2015**

Credit Risk

The recipients of all loans are subject to credit verification procedures by the Board. Debtors are reviewed on a regular basis and provision is made for doubtful debts when necessary.

FINANCIAL ANALYSIS AND KEY PERFORMANCE INDICATORS

The key performance indicators of the company are turnover, gross profit, profit before tax and net assets. A brief analysis of these is shown below:

	2015	2014
	£000's	£000's
Turnover	9,308	8,887
Gross profit	3,127	3,196
Profit before tax	363	732
Net assets	3,162	2,893

This report was approved by the board on 27 September 2016 and signed on its behalf.



T.P. Kelly
Director

FAIREY INDUSTRIAL CERAMICS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their report and the audited financial statements for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The principal activities of the company continued to be that of the manufacture and distribution of ceramic point of use drinking water filters and associated equipment.

The review of business and assessment of risks are included in the Strategic Report on pages 1-2.

RESULTS

The profit for the year, after taxation, amounted to £267,978 (2014 - £550,477).

DIRECTORS

The directors who served during the year were:

T. P. Kelly
C. Lowndes
S. J. Oakes
N. P. Hipkiss
S. P. Shea (resigned 9 December 2015)

On 4 August 2016 A. Bernhardt was appointed to the board as a Non-Executive director.

RESEARCH AND DEVELOPMENT ACTIVITIES

The company carries out research and development in all the main areas of its product range.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic report, the Directors' 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). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

FAIREY INDUSTRIAL CERAMICS LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015**

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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.

DISCLOSURE OF INFORMATION TO AUDITORS

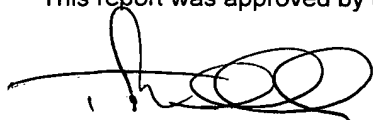
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Simmons Gainsford LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 27 September 2016 and signed on its behalf.



T. P. Kelly
Director

FAIREY INDUSTRIAL CERAMICS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF FAIREY INDUSTRIAL CERAMICS LIMITED

We have audited the financial statements of Fairey Industrial Ceramics Limited for the year ended 31 December 2015, set out on pages 7 to 20. 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 Auditors' 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, 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 Strategic report and the Directors' report 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 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 Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

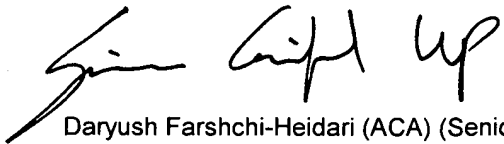
FAIREY INDUSTRIAL CERAMICS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF FAIREY INDUSTRIAL CERAMICS 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.



Daryush Farshchi-Heidari (ACA) (Senior statutory auditor)
for and on behalf of

Simmons Gainsford LLP

Chartered Accountants

Statutory Auditors

7-10 Chandos Street

London

W1G 9DQ

Date: 27 September 2016

FAIREY INDUSTRIAL CERAMICS LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Note	2015 £	2014 £
TURNOVER	1,2	9,308,218	8,886,653
Cost of sales		(6,181,024)	(5,690,307)
GROSS PROFIT		3,127,194	3,196,346
Distribution costs		(449,206)	(326,699)
Administrative expenses		(1,736,521)	(2,137,330)
OPERATING PROFIT	3	941,467	732,317
Interest receivable and similar income		176	-
Amounts written off investments		(537,619)	-
Interest payable and similar charges	6	(41,493)	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		362,531	732,317
Tax on profit on ordinary activities	7	(94,553)	(181,840)
PROFIT FOR THE FINANCIAL YEAR	17	267,978	550,477

All amounts relate to continuing operations.

There were no recognised gains and losses for 2015 or 2014 other than those included in the Profit and loss account.

The notes on pages 10 to 20 form part of these financial statements.

FAIREY INDUSTRIAL CERAMICS LIMITED
REGISTERED NUMBER: 01232580


BALANCE SHEET
AS AT 31 DECEMBER 2015

	Note	31 December 2015 £	30 December 2014 £
FIXED ASSETS			
Intangible assets	8	466,591	414,593
Tangible assets	9	1,098,578	1,047,047
Investments	10	500,000	-
		<u>2,065,169</u>	<u>1,461,640</u>
CURRENT ASSETS			
Stocks	11	1,352,245	975,521
Debtors	12	1,272,610	1,979,010
Cash at bank and in hand		220,013	254,203
		<u>2,844,868</u>	<u>3,208,734</u>
CREDITORS: amounts falling due within one year	13	<u>(1,169,524)</u>	<u>(1,172,045)</u>
NET CURRENT ASSETS		<u>1,675,344</u>	<u>2,036,689</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,740,513</u>	<u>3,498,329</u>
CREDITORS: amounts falling due after more than one year	14	(455,573)	(481,367)
PROVISIONS FOR LIABILITIES			
Deferred tax	15	(123,352)	(123,352)
NET ASSETS		<u>3,161,588</u>	<u>2,893,610</u>
CAPITAL AND RESERVES			
Called up share capital	16	45,000	45,000
Share premium account	17	634,000	634,000
Capital redemption reserve	17	55,000	55,000
Profit and loss account	17	2,427,588	2,159,610
SHAREHOLDERS' FUNDS	18	<u>3,161,588</u>	<u>2,893,610</u>

FAIREY INDUSTRIAL CERAMICS LIMITED

**BALANCE SHEET (continued)
AS AT 31 DECEMBER 2015**

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
27 September 2016.


C. Lowndes
Director

The notes on pages 10 to 20 form part of these financial statements.

FAIREY INDUSTRIAL CERAMICS LIMITED

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

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

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

1.2 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

1.3 Turnover

Turnover comprises sales invoiced where goods have been delivered and accepted under contract (excluding value added tax) and the estimated sales value of goods delivered and accepted under contract which have not been invoiced.

1.4 Intangible fixed assets and amortisation

Trademarks are valued at cost less accumulated amortisation. Amortisation is calculated to write off the cost in equal annual instalments over their estimated useful lives.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Plant & machinery	-	5-50% straight line
Fixtures, fittings & equipment	-	10-33.33% straight line

1.6 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

1.7 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

FAIREY INDUSTRIAL CERAMICS LIMITED

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

1. ACCOUNTING POLICIES (continued)

1.8 Operating leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.9 Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.10 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.11 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and loss account.

1.12 Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the Profit and loss account over the expected useful lives of the assets concerned.

FAIREY INDUSTRIAL CERAMICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

1. ACCOUNTING POLICIES (continued)

1.13 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

The company contributes to personal pension schemes based on contractual terms. Pension costs charged in the financial statements represent the contributions payable by the company during the year.

2. TURNOVER

The whole of the turnover is attributable to the principal activity of the company.

A geographical analysis of turnover is as follows:

	2015	2014
	£	£
United Kingdom	523,152	579,811
Rest of world	8,785,066	8,306,842
	<u>9,308,218</u>	<u>8,886,653</u>

3. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2015	2014
	£	£
Amortisation - intangible fixed assets	24,419	14,746
Depreciation of tangible fixed assets:		
- owned by the company	107,807	93,412
- held under finance leases	57,382	-
Auditors' remuneration	16,700	18,000
Operating lease rentals:		
- plant and machinery	19,090	13,186
- other operating leases	228,200	204,911
Difference on foreign exchange	(1,579)	35,579
Write off of intercompany debt	500,000	-
Inter-company loan waiver	(1,000,000)	-
	<u></u>	<u></u>

FAIREY INDUSTRIAL CERAMICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

4. STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

	2015	2014
	£	£
Wages and salaries	2,144,468	1,926,062
Social security costs	132,532	115,748
Other pension costs	63,723	53,940
	<u>2,340,723</u>	<u>2,095,750</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2015	2014
	No.	No.
Production & distribution	59	53
Administration	12	12
	<u>71</u>	<u>65</u>

5. DIRECTORS' REMUNERATION

	2015	2014
	£	£
Remuneration	<u>336,259</u>	<u>292,600</u>
Company pension contributions to defined contribution pension schemes	<u>31,112</u>	<u>27,917</u>

During the year retirement benefits were accruing to 3 directors (2014 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £123,679 (2014 - £130,707).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £14,166 (2014 - £13,684).

FAIREY INDUSTRIAL CERAMICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

6. INTEREST PAYABLE

	2015 £	2014 £
On finance leases and hire purchase contracts	17,082	-
On loans from group undertakings	24,411	-
	<u>41,493</u>	<u>-</u>

7. TAXATION

	2015 £	2014 £
Analysis of tax charge in the year/period		
Current tax (see note below)		
Group taxation relief	94,553	94,479
	<u> </u>	<u> </u>
Deferred tax (see note 15)		
Origination and reversal of timing differences	-	87,361
	<u> </u>	<u> </u>
Tax on profit on ordinary activities	<u>94,553</u>	<u>181,840</u>

Factors affecting tax charge for the year/period

The tax assessed for the year/period is lower than (2014 - lower than) the standard rate of corporation tax in the UK of 20% (2014 - 21%). The differences are explained below:

	2015 £	2014 £
Profit on ordinary activities before tax	362,531	732,317
	<u> </u>	<u> </u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2014 - 21%)	72,506	153,787
Effects of:		
Expenses not deductible for tax purposes	9,657	439
Capital allowances for year/period in excess of depreciation	(3,500)	(91,920)
Group relief payment	94,553	94,479
Taxable value of group relief received	(78,663)	(62,306)
	<u> </u>	<u> </u>
Current tax charge for the year/period (see note above)	<u>94,553</u>	<u>94,479</u>

FAIREY INDUSTRIAL CERAMICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

8. INTANGIBLE FIXED ASSETS

	Trademarks £
Cost	
At 31 December 2014	445,422
Additions	76,417
At 31 December 2015	<u>521,839</u>
Amortisation	
At 31 December 2014	30,829
Charge for the year	24,419
At 31 December 2015	<u>55,248</u>
Net book value	
At 31 December 2015	<u>466,591</u>
At 30 December 2014	<u>414,593</u>

9. TANGIBLE FIXED ASSETS

	Plant & machinery £	Fixtures & fittings £	Total £
Cost			
At 31 December 2014	2,720,703	188,086	2,908,789
Additions	171,784	44,936	216,720
At 31 December 2015	<u>2,892,487</u>	<u>233,022</u>	<u>3,125,509</u>
Depreciation			
At 31 December 2014	1,687,903	173,839	1,861,742
Charge for the year	152,448	12,741	165,189
At 31 December 2015	<u>1,840,351</u>	<u>186,580</u>	<u>2,026,931</u>
Net book value			
At 31 December 2015	<u>1,052,136</u>	<u>46,442</u>	<u>1,098,578</u>
At 30 December 2014	<u>1,032,800</u>	<u>14,247</u>	<u>1,047,047</u>

FAIREY INDUSTRIAL CERAMICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

9. TANGIBLE FIXED ASSETS (continued)

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	31 December 2015 £	30 December 2014 £
Plant and machinery	673,339	679,165
	<u>673,339</u>	<u>679,165</u>

10. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £
Cost	
At 31 December 2014	-
Additions	1,037,619
Amounts written off	(537,619)
At 31 December 2015	<u>500,000</u>
Net book value	
At 31 December 2015	<u>500,000</u>
At 30 December 2014	<u>-</u>

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding
Lifesaver Holdings Limited (formerly Pritchard Creative Holdings Limited)	Ordinary	100%
Lifesaver IP Limited (formerly Pritchard IP Limited)	Ordinary	100%

Name	Business
Lifesaver Holdings Limited	Holding company
Lifesaver IP Limited*	Licensing of intellectual property

* Shares held via Lifesaver Holdings Limited

FAIREY INDUSTRIAL CERAMICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

11. STOCKS

	31 December 2015 £	30 December 2014 £
Raw materials	752,163	585,750
Work in progress	94,620	116,783
Finished goods and goods for resale	505,462	272,988
	<u>1,352,245</u>	<u>975,521</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

12. DEBTORS

	31 December 2015 £	30 December 2014 £
Trade debtors	1,040,783	1,237,274
Amounts owed by group undertakings	440	-
Other debtors	89,614	583,100
Prepayments and accrued income	141,773	158,636
	<u>1,272,610</u>	<u>1,979,010</u>

**13. CREDITORS:
Amounts falling due within one year**

	31 December 2015 £	30 December 2014 £
Net obligations under finance leases and hire purchase contracts	101,777	89,540
Trade creditors	490,604	542,303
Amounts owed to group undertakings	222,322	103,867
Other taxation and social security	44,417	45,664
Other creditors	175,191	204,675
Accruals and deferred income	135,213	185,996
	<u>1,169,524</u>	<u>1,172,045</u>

Net obligations under finance leases and hire purchase contracts are secured on the assets they relate to.

FAIREY INDUSTRIAL CERAMICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

14. CREDITORS:

Amounts falling due after more than one year

	31 December 2015 £	30 December 2014 £
Net obligations under finance leases and hire purchase contracts	323,953	385,876
Other creditors	81,620	95,491
Accruals and deferred income	50,000	-
	<u>455,573</u>	<u>481,367</u>

Creditors include amounts not wholly repayable within 5 years as follows:

	31 December 2015 £	30 December 2014 £
Repayable by instalments	<u>53,125</u>	<u>64,405</u>

Obligations under finance leases and hire purchase contracts, included above, are payable as follows:

	31 December 2015 £	30 December 2014 £
Between one and five years	<u>323,953</u>	<u>385,876</u>

Net obligations under finance leases and hire purchase contracts are secured on the assets they relate to.

15. DEFERRED TAXATION

	31 December 2015 £	30 December 2014 £
At beginning of year/period	123,352	35,991
Charge for year/period (P&L)	-	87,361
At end of year/period	<u>123,352</u>	<u>123,352</u>

The provision for deferred taxation is made up as follows:

	31 December 2015 £	30 December 2014 £
Accelerated capital allowances	<u>123,352</u>	<u>123,352</u>

FAIREY INDUSTRIAL CERAMICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

16. SHARE CAPITAL

	31 December 2015 £	30 December 2014 £
Allotted, called up and fully paid		
45,000 Ordinary shares of £1 each	45,000	45,000

17. RESERVES

	Share premium account £	Capital redempt'n reserve £	Profit and loss account £
At 31 December 2014	634,000	55,000	2,159,610
Profit for the financial year	-	-	267,978
At 31 December 2015	634,000	55,000	2,427,588

18. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	31 December 2015 £	30 December 2014 £
Opening shareholders' funds	2,893,610	2,343,133
Profit for the financial year/period	267,978	550,477
Closing shareholders' funds	3,161,588	2,893,610

19. CONTINGENT LIABILITIES

At the balance sheet date, the company was party to a cross guarantee for a group overdraft facility with the following companies: Mantec Group Limited, Mantec Properties Limited, Taylor Tunnicliff Limited, Duchess China Limited, Grimwades Limited, Xtract Filtration Systems Limited, Mantec Technical Ceramics Limited, Lifesaver IP Limited and Lifesaver Holdings Limited. At the balance sheet date the contingent liability attributable to the company amounted to £443,657 (2014: £260,896).

The company has received a government grant of £125,000 (2014: £59,224) in respect to the purchase of new plant and machinery. The terms of the grant include performance criteria which if not met may result in the grant needing to be repaid. The directors currently do not believe that any repayment will be due.

FAIREY INDUSTRIAL CERAMICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

20. CAPITAL COMMITMENTS

At 31 December 2015 the company had capital commitments as follows:

	31 December 2015 £	30 December 2014 £
Contracted for but not provided in these financial statements	-	98,610

21. OPERATING LEASE COMMITMENTS

At 31 December 2015 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 31 December 2015 £	30 December 2014 £
Expiry date:		
Between 2 and 5 years	187,900	-
After more than 5 years	-	187,900

22. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption available in accordance with FRS 8 'Related party disclosures' not to disclose transaction entered into between two of more members of a group, as the company is a wholly owned subsidiary undertaking of the group to which it is party to the transactions.

At the balance sheet date the following balances were included within debtors/(creditors):

	2015 £	2014 £
Mantec Technical Ceramics Limited	440	(44,525)
Mantec Group Limited	(130,977)	(59,342)
Xtract Filtration Systems Limited	(51,594)	-
Lifesaver IP Limited	(7,608)	-
Duchess China Limited	(5,811)	-
Mantec Technical Ceramics Limited	(25,892)	-

23. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company regards Mantec Group Limited as its immediate and ultimate parent undertaking in both this and the previous year.

Mrs V Davis is regarded as the company's ultimate controlling party by virtue of her shareholding in the ultimate parent undertaking in both this and the previous year.