

REGISTRAR'S COPY

Company Registration No 01232580 (England and Wales)

FAIREY INDUSTRIAL CERAMICS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

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FAIREY INDUSTRIAL CERAMICS LIMITED

COMPANY INFORMATION

Directors

Mr T P Kelly
Mr S J Oakes
Mr C Lowndes
Mr S Gabriel

Secretary

Mr C Lowndes

Company number

01232580

Registered office

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

Auditors

Simmons Gainsford LLP
7/10 Chandos Street
Cavendish Square
London
W1G 9DQ

FAIREY INDUSTRIAL CERAMICS LIMITED

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FAIREY INDUSTRIAL CERAMICS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2011

The directors present their report and financial statements for the year ended 31 December 2011

Principal activities and review of the business

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

The directors are again pleased to report excellent results. In 2011 sales increased by a further 15% despite the continuing economic difficulties. Although profits were marginally reduced, this was against a backdrop of significant commodity and energy price increases. The directors are confident that the company's strategy of investing in product development, promoting its brands and enhancing manufacturing capacity will consolidate and further enhance its market position.

The company's principal risks for 2012 and beyond are the continuing uncertainties facing the global economy, pressure on raw material and energy prices and competition from lower cost economies.

Financial Instruments

The company's financial instruments principally comprise cash at bank. 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 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.

Foreign exchange rate 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.

Interest rate risk

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

Liquidity risk

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

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.

Results and dividends

The results for the year are set out on page 6.

Research and development

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

FAIREY INDUSTRIAL CERAMICS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

Directors

The following directors have held office since 1 January 2011

Mr T P Kelly

Mr S J Oakes

Mr C Lowndes

Mr S Gabriel

(Appointed 1 July 2011)

Auditors

Simmons Gainsford LLP are deemed to be re-appointed in accordance with an elective resolution passed by members on 23 December 2004 made under section 386 of the Companies Act 1985 which continues in force under the Companies Act 2006

FAIREY INDUSTRIAL CERAMICS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

Directors' responsibilities

The directors are responsible for preparing 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

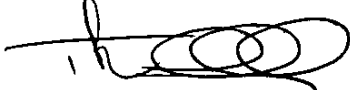
- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

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.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



Mr T P Kelly

Director

9 August 2012

FAIREY INDUSTRIAL CERAMICS LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF FAIREY INDUSTRIAL CERAMICS LIMITED

We have audited the financial statements of Fairey Industrial Ceramics Limited for the year ended 31 December 2011 set out on pages 6 to 16. 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 set out on pages 1 - 3, 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 Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

FAIREY INDUSTRIAL CERAMICS LIMITED

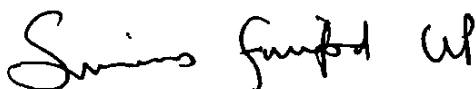
INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS 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



Stephen Jennings (Senior Statutory Auditor)
for and on behalf of Simmons Gainsford LLP

9th August 2012

Chartered Accountants
Statutory Auditor

7/10 Chandos Street
Cavendish Square
London
W1G 9DQ

FAIREY INDUSTRIAL CERAMICS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	2011 £	2010 £
Turnover	2	7,374,805	6,422,763
Cost of sales		(5,276,400)	(4,350,884)
Gross profit		2,098,405	2,071,879
Distribution costs		(93,853)	(67,466)
Administrative expenses		(1,450,462)	(1,422,365)
Profit on ordinary activities before taxation	3	554,090	582,048
Tax on profit on ordinary activities	4	(130,427)	(241,748)
Profit for the year	12	423,663	340,300

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

FAIREY INDUSTRIAL CERAMICS LIMITED

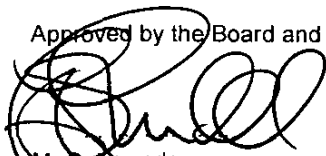
BALANCE SHEET

AS AT 31 DECEMBER 2011

	Notes	2011 £	£	2010 £	£
Fixed assets					
Tangible assets	5		307,222		276,802
Current assets					
Stocks	6	994,541		1,000,981	
Debtors	7	1,940,250		1,567,465	
Cash at bank and in hand		4,174		207,060	
		2,938,965		2,775,506	
Creditors amounts falling due within one year	8	(1,131,665)		(1,353,677)	
Net current assets			1,807,300		1,421,829
Total assets less current liabilities			2,114,522		1,698,631
Creditors amounts falling due after more than one year	9		(59,579)		(67,351)
			2,054,943		1,631,280
Capital and reserves					
Called up share capital	11		45,000		45,000
Share premium account	12		634,000		634,000
Other reserves	12		55,000		55,000
Profit and loss account	12		1,320,943		897,280
Shareholders' funds	13		2,054,943		1,631,280

Approved by the Board and authorised for issue on

9 August 2012.


Mr C. Lewndes
Director

Company Registration No 01232580

FAIREY INDUSTRIAL CERAMICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

1.3 Turnover

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

1.4 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 less estimated residual value of each asset over its expected useful life, as follows

Plant and machinery	5-33 33% straight line
Fixtures, fittings & equipment	10%

1.5 Leasing

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership will remain with the lessor are charged to the profit and loss account on a straight line basis over the lease term

1.6 Stock and work in progress

Stocks 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

1.7 Pensions

The company makes contributions 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

FAIREY INDUSTRIAL CERAMICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

1 Accounting policies

(continued)

1 8 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 assets and liabilities are discounted

1 9 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Exchange gains and losses are recognised in the profit and loss account

2 Turnover

The total turnover of the company for the year has been derived from its principal activity

No segmental analysis in respect of geographical destination is given as the Directors consider it prejudicial to the interests of the company

3 Operating profit

	2011 £	2010 £
Operating profit is stated after charging		
Depreciation of tangible assets	86,482	55,717
Operating lease rentals		
- Plant and machinery	10,139	9,892
- Other assets	204,670	206,975
Auditors' remuneration	11,700	11,410
and after crediting		
Profit on disposal of tangible assets	(1,200)	-
(Profit)/Loss on foreign exchange transactions	14,772	(2,090)

FAIREY INDUSTRIAL CERAMICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

4 Taxation	2011	2010
	£	£
Domestic current year tax		
U K corporation tax	88,876	84,042
Payment in respect of group relief	41,551	157,706
Total current tax	130,427	241,748
 Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	554,090	582,048
 Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 26.00% (2010 - 28.00%)	144,063	162,973
Effects of		
Non deductible expenses	1,685	1,925
Depreciation add back	22,485	15,601
Capital allowances	(39,460)	(41,236)
Amounts taxed at higher rate	1,654	-
Group relief payments made	41,551	157,706
Taxable value of group relief received	(41,551)	(55,221)
	(13,636)	78,775
Current tax charge for the year	130,427	241,748

The company's taxable profit has been reduced due to the surrender of losses from fellow group companies

There were no factors that may affect future tax charges

FAIREY INDUSTRIAL CERAMICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

5 Tangible fixed assets

	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£
Cost			
At 1 January 2011	1,651,780	161,519	1,813,299
Additions	111,502	5,400	116,902
Disposals	(3,647)	-	(3,647)
At 31 December 2011	1,759,635	166,919	1,926,554
Depreciation			
At 1 January 2011	1,400,491	136,006	1,536,497
On disposals	(3,647)	-	(3,647)
Charge for the year	75,892	10,590	86,482
At 31 December 2011	1,472,736	146,596	1,619,332
Net book value			
At 31 December 2011	286,899	20,323	307,222
At 31 December 2010	251,289	25,513	276,802

6 Stocks and work in progress

	2011 £	2010 £
Raw materials and consumables	701,927	622,372
Work in progress	99,312	81,004
Finished goods and goods for resale	193,302	297,605
	994,541	1,000,981

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

FAIREY INDUSTRIAL CERAMICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

7 Debtors	2011	2010
	£	£
Trade debtors	1,559,148	1,256,543
Amounts owed by group undertakings	-	582
Other debtors	381,102	310,340
	<u>1,940,250</u>	<u>1,567,465</u>

8 Creditors amounts falling due within one year	2011	2010
	£	£
Trade creditors	473,054	374,452
Amounts owed to group undertakings	288,425	476,949
Taxation and social security	91,640	122,023
Other creditors	278,546	380,253
	<u>1,131,665</u>	<u>1,353,677</u>

Bank loans and overdrafts are secured by way of guarantee from the parent and group undertakings (see note 14)

9 Creditors amounts falling due after more than one year	2011	2010
	£	£
Other creditors	<u>59,579</u>	<u>67,351</u>
Analysis of loans		
Not wholly repayable within five years by instalments		
Repayable by installments	<u>36,265</u>	<u>44,037</u>

FAIREY INDUSTRIAL CERAMICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

10 Pension and other post-retirement benefit commitments Defined contribution

	2011 £	2010 £
Contributions payable by the company for the year	64,127	54,742

11 Share capital

	2011 £	2010 £
Allotted, called up and fully paid 45,000 Ordinary shares of £1 each	45,000	45,000

12 Statement of movements on reserves

	Share premium account £	Other reserves (see below) £	Profit and loss account £
Balance at 1 January 2011	634,000	55,000	897,280
Profit for the year	-	-	423,663
Balance at 31 December 2011	634,000	55,000	1,320,943

Other reserves

Capital redemption reserve

Balance at 1 January 2011 & at 31 December 2011	55,000
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13 Reconciliation of movements in shareholders' funds

	2011 £	2010 £
Profit for the financial year	423,663	340,300
Opening shareholders' funds	1,631,280	1,290,980
Closing shareholders' funds	2,054,943	1,631,280

FAIREY INDUSTRIAL CERAMICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

14 Contingent liabilities

At the year end 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, Ceramic Gas Products Limited, Duchess China Limited, Grimwades Limited, Wykes International Limited, Xtract Filtration Systems Limited and Mantec Technical Ceramics Limited At the balance sheet date the contingent liability attributable to Fairey Industrial Ceramics Limited amounted to £152,174 (2010 £92,460)

15 Financial commitments

At 31 December 2011 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2012

	Land and buildings	
	2011	2010
	£	£
Operating leases which expire		
In over five years	187,900	187,900

16 Directors' remuneration

	2011	2010
	£	£
Remuneration for qualifying services	147,425	128,263
Company pension contributions to defined contribution schemes	16,986	11,936
	164,411	140,199

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2010 - 1)

FAIREY INDUSTRIAL CERAMICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

17 Employees

Number of employees

The average monthly number of employees (including directors) during the year was

	2011 Number	2010 Number
Production & distribution	57	49
Administration	9	9
	<u>66</u>	<u>58</u>

Employment costs

	2011 £	2010 £
Wages and salaries	1,494,521	1,402,599
Social security costs	100,909	94,952
Other pension costs	64,127	54,742
	<u>1,659,557</u>	<u>1,552,293</u>

18 Control

The company regards Mantec Group Limited, a company incorporated in England and Wales, 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

FAIREY INDUSTRIAL CERAMICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

19 Related party transactions

The company has taken advantage of the exemption available in accordance with FRS 8 'Related party disclosures' not to disclose transactions entered into between two or 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 are included in debtors/(creditors)

	2011 £	2010 £
Taylor Tunnicliff Limited	(931)	(14,870)
Mantec Technical Ceramics Limited	-	582
Wykes International Limited	(39,355)	(141,376)
Mantec Group Limited	(246,119)	(319,114)
Duchess China Limited	-	(1,589)
Xtract Filtration Systems Limited	(2,020)	-