

Company Registration No. 05582765 (England and Wales)

MANTEC GROUP LIMITED
DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

WEDNESDAY



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COMPANIES HOUSE

MANTEC GROUP LIMITED
COMPANY INFORMATION

Directors	Mr T. P. Kelly Mr C. Lowndes
Secretary	Mr C. Lowndes
Company number	05582765
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

MANTEC GROUP LIMITED

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MANTEC GROUP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2013

The directors of the company with its subsidiary undertakings (which together comprise 'the Group') present their strategic report together with the audited consolidated financial statements for the year ended 31 December 2013.

The Strategic Report is a new statutory requirement under the Companies Act 2006.

Review of the business

The directors are pleased to report on a successful year which saw significant improvements in underlying turnover and profitability.

The principal activity of the company during the year continued to be that of a holding company. The activities of the subsidiary undertakings are included at note 10 to the accounts.

During 2013 the decision was taken to close the group's loss making subsidiary, Wykes International Limited, and thereafter dispose of the freehold premises to reduce borrowings. This decision which enabled the group to concentrate efforts and activities on its core ceramic offerings has led to growth in both sales and profitability across continuing operations. Growth has been achieved despite the continued global economic uncertainty during 2013 and the aggressive competition from lower cost economies. Funding was made available during the year at Fairey Industrial Ceramics Limited to complete its acquisition of the Doulton trademark, securing its long term presence within the company's product portfolio. Further significant investment in equipment, research and development and promotional activity is planned across the group to consolidate growth in years to come.

Financial analysis and key performance indicators

The key performance indicators of the group are turnover and operating profit from continued operations, profit before tax, net debt and net assets. A brief analysis of these is provided below:

	2013	2012
	£'000's	£'000's
Turnover (continuing operations)	11,440	10,731
Operating profit (continuing operations)	734	426
Profit before tax	460	37
Net funds/(debt)	556	(566)
Net assets	2,604	2,216

Principal risks and uncertainties

The fundamental risk facing the company results from the performance of its investments in subsidiary undertakings. The primary risks facing these subsidiaries stem from upward pressure on raw materials and energy prices in addition to the activities of competitors from lower cost economies who continue to strive for market share. Strategies are continually reviewed within each subsidiary company to minimize the impact of price increases, maximize efficiencies, and enhance its reputation for quality and performance.

MANTEC GROUP LIMITED

STRATEGIC REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2013

Financial instruments

The group's financial instruments principally comprise of cash at bank and shareholder loans. In addition, the group 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 year under review, the group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the group's financial instruments are interest, liquidity, credit and foreign exchange 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.

Interest risk:

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

Liquidity risk:

The group manages its borrowings requirements to ensure the group 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 a provision is made for doubtful debts when necessary.

Foreign exchange risk:

The group 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.

On behalf of the board



Mr T. P. Kelly
Director

Date: 14 August 2014

MANTEC GROUP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2013

The directors present their report together with the audited consolidated financial statements for the year ended 31 December 2013

Results and Dividends

The consolidated profit and loss account for the year is set out on page 7.

The directors do not recommend the payment of a dividend.

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

Directors

The following directors have held office since 1 January 2013

Mr T. P. Kelly
Mr C. Lowndes

Auditors

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

Statement of 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;
- 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 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.

MANTEC GROUP LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2013

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

Date: 14 August 2014.

MANTEC GROUP LIMITED
INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF MANTEC GROUP LIMITED

We have audited the group and parent company financial statements of Mantec Group Limited for the year ended 31 December 2013 set out on pages 7 to 23. 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 3 - 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 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 group and parent company's affairs as at 31 December 2013 and of the group's 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.

MANTEC GROUP LIMITED


INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE SHAREHOLDERS OF MANTEC GROUP 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent 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.



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

**Chartered Accountants
Statutory Auditor**

14 August 2014

7/10 Chandos Street
Cavendish Square
London
W1G 9DQ

MANTEC GROUP LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2013

		2013	2012
	Notes	£	£
Turnover	2		
Continuing operations	11,439,860	10,730,998	
Discontinued activities	<u>1,143,868</u>	<u>1,950,984</u>	
		12,583,728	12,681,982
 Cost of Sales	 3	 (8,161,627)	 (8,360,491)
 Gross profit		 <u>4,422,101</u>	 <u>4,321,491</u>
 Distribution costs	 3	 (131,188)	 (104,813)
Administrative expenses	3	(4,102,824)	(4,041,503)
Other operating income	3	39,960	6,175
 Operating profit	 4		
Continuing operations	733,758	425,620	
Discontinued activities	<u>(505,709)</u>	<u>(244,270)</u>	
		228,049	181,350
 Interest payable and similar charges	 5	 (117,425)	 (143,917)
Other interest receivable and similar income		51	-
Profit on disposal of fixed assets in relation to discontinued activities		349,666	-
 Profit on ordinary activities before taxation		 <u>460,341</u>	 <u>37,433</u>
 Tax on profit on ordinary activities	 6	 (72,127)	 (6,571)
 Profit on ordinary activities after taxation	 18	 <u><u>388,214</u></u>	 <u><u>30,862</u></u>

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

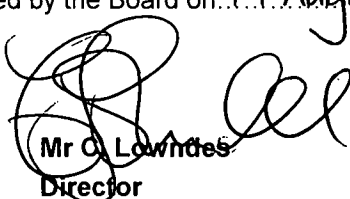
MANTEC GROUP LIMITED
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2013

	Notes	2013 £	2012 £
Fixed assets			
Intangible assets	7	368,262	-
Tangible assets	8	643,509	1,727,901
Asset held for sale	9	5,000	-
		<u>1,016,771</u>	<u>1,727,901</u>
Current assets			
Stocks	11	1,950,471	2,056,972
Debtors	12	2,247,575	2,535,578
Cash at bank and in hand		1,005,950	634,053
		<u>5,203,996</u>	<u>5,226,603</u>
Creditors: amounts falling due within one year	13	(2,234,696)	(1,739,446)
Net current assets		<u>2,969,300</u>	<u>3,487,157</u>
Total assets less current liabilities		<u>3,986,071</u>	<u>5,215,058</u>
Creditors: amounts falling due after more than one year	14	(1,327,312)	(2,980,504)
Provisions for liabilities	15	(54,991)	(19,000)
Net assets		<u><u>2,603,768</u></u>	<u><u>2,215,554</u></u>
Capital and reserves			
Called up share capital	17	1,010	1,010
Share premium account	18	5,490	5,490
Profit and loss account	18	2,587,268	2,199,054
Other Reserves	18	10,000	10,000
Equity shareholders' funds	19	<u><u>2,603,768</u></u>	<u><u>2,215,554</u></u>

The financial statements were approved by the Board on 14 August 2014.



Mr T. P. Kelly
Director



Mr C. Lowndes
Director

Company Registration No. 05582765

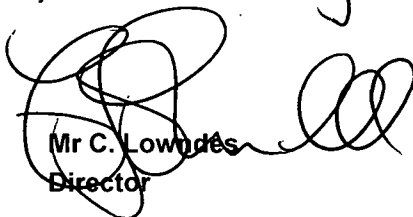
MANTEC GROUP LIMITED
COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2013

	Notes	2013 £	£	2012 £	£
Fixed assets					
Investments	9	4,101,259		4,096,259	
Current assets					
Debtors: due in less than one year	12	509,467		352,295	
Debtors: due in more than one year	12	1,530,000		1,530,000	
Cash at bank		146,370		45,237	
		<u>2,185,837</u>		<u>1,927,532</u>	
Creditors: amounts falling due within one year	13	(1,410,522)		(350,556)	
Net current assets			775,315		1,576,976
Total assets less current liabilities			<u>4,876,574</u>		<u>5,673,235</u>
Creditors: amounts falling due after more than one year	14		(1,283,275)		(2,178,665)
Net assets			<u>3,593,299</u>		<u>3,494,570</u>
Capital and reserves					
Called up share capital	17		1,010		1,010
Share premium account	18		5,490		5,490
Other reserves	18		10,000		10,000
Profit and loss account	18		3,576,799		3,478,070
Equity shareholders' funds	19		<u>3,593,299</u>		<u>3,494,570</u>

The financial statements were approved by the Board on 14 August 2014.



Mr T. P. Kelly
Director



Mr C. Lowndes
Director

Company Registration No. 05582765

MANTEC GROUP LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2013

		2013		2012	
		£	£	£	£
Net cash inflow from operating activities	25		388,657		750,091
Return on investments and servicing of finance					
Interest element of hire purchase contract		-		(2,664)	
Interest paid		(117,425)		(141,253)	
Interest received		51		-	
Net cash outflow for returns on investments and servicing of finance			(117,374)		(143,917)
Taxation					
Taxation received/(paid)		18,429		(131,809)	
Net cash inflow/(outflow) for taxation			18,429		(131,809)
Capital expenditure					
Payments to acquire intangible assets		(384,345)		-	
Payments to acquire tangible assets		(152,732)		(133,484)	
Receipts from sale of tangible assets		1,374,262		35,714	
Payments to acquire investment		(5,000)		-	
Net cash inflow/(outflow) for capital expenditure			832,185		(97,770)
Net cash inflow before management of liquid resources and financing			1,121,897		376,595
Financing					
Issue of shares		-		5,500	
Re-payment of loan		(750,000)		(200,000)	
Capital element of hire purchase contract		-		(38,450)	
Net cash outflow from financing			(750,000)		(232,950)
Increase in cash in the year	26		<u>371,897</u>		<u>143,645</u>

MANTEC GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

1 Accounting policies

1.1 Accounting convention

The financial statements have been prepared under the historical cost convention and include the results of the company's and group's operations.

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

Turnover on maintenance contracts is recognised in proportion to the length of the contract with full provision made for all foreseeable costs.

Turnover on unit sales is recognised when the company has fulfilled its obligations under the terms of the contract with due provision made for costs incurred in relation to the contract recognised accordingly.

1.3 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:

Land and buildings freehold	2% straight line
Plant and machinery	5-33% straight line
Fixtures, fittings & equipment	10-33% straight line
Motor vehicles	33% reducing balance/50% straight line

1.4 Trademarks

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 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. 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.

Rentals payable under operating leases where substantially all of the benefits and risk of ownership will remain with the lessor are charged against income on a straight line basis over the lease term.

1.6 Goodwill

Goodwill on acquisitions is initially measured as the excess of the cost over the acquirer's interest in the fair value of the identifiable assets, liabilities and contingent liabilities.

Positive goodwill is capitalised and amortised in line with the future expected revenues of the subsidiary undertaking. Provision is made for any impairment. Negative goodwill in excess of the fair values of non monetary assets acquired is included in the balance sheet and is amortised in the periods expected to benefit.

MANTEC GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

1 Accounting policies (continued)

1.7 Fixed asset investments

Fixed assets investments are stated at cost less provision for diminution in value.

1.8 Stocks and work in progress

Stock is valued at the lower of cost and net realisable value, making due allowance for obsolete and slow moving stocks. Costs includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.9 Pensions

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

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 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 transactions. All differences are taken to the profit and loss account.

1.12 Basis of Consolidation

The consolidated financial statements include the results of the subsidiary undertakings prepared to 31 December 2013.

As permitted by section 408 of the Companies Act 2006, the holding company's profit and loss account has not been included in these financial statements. The profit for the financial year is made up as follows:

	£	£
Mantec Group Limited profit for the financial year	<u>98,729</u>	<u>606,936</u>

MANTEC GROUP LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2013****2 Turnover**

The total turnover of the group for the year has been derived from the activities of its subsidiary undertakings.

Segmental analysis by class of business

The analysis by class of business for the group's turnover is set out as below:

	2013	2012
	£	£
Ceramic point of use drinking water filters	7,706,358	6,715,252
Technical ceramics	2,218,033	2,322,864
Domestic ceramics	1,250,628	1,057,805
Elastic yarn	1,143,868	1,950,984
Engineered filtration systems	264,841	635,077
	<u>12,583,728</u>	<u>12,681,982</u>

Segmental analysis by geographical area

The analysis by geographical area of the group's turnover is set out as below:

	2013	2012
	£	£
United Kingdom	4,091,425	4,156,314
Rest of World	8,492,303	8,525,668
	<u>12,583,728</u>	<u>12,681,982</u>

3 Cost of sales and net operating expenses

2013	Continuing	Discontinued	Total
Cost of sales	7,117,968	1,043,659	8,161,627
Distribution costs	131,188	-	131,188
Administrative expenses	3,496,906	605,918	4,102,824
Other operating income	(39,960)	-	(39,960)
	<u>10,706,102</u>	<u>1,649,577</u>	<u>12,355,679</u>
2012	Continuing	Discontinued	Total
Cost of sales	6,661,644	1,698,847	8,360,491
Distribution costs	104,813	-	104,813
Administrative expenses	3,545,096	496,407	4,041,503
Other operating income	(6,175)	-	(6,175)
	<u>10,305,378</u>	<u>2,195,254</u>	<u>12,500,632</u>

MANTEC GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

4 Operating profit

	2013 £	2012 £
Operating profit is stated after charging:		
Amortisation of intangible assets	16,083	-
Depreciation of tangible assets	212,531	261,553
Operating lease rentals		
- Plant and machinery	55,589	52,077
- Other	373,057	235,614
Auditors' remuneration	5,100	4,105
Auditors' remuneration - auditing of accounts of subsidiaries	39,715	39,705
Loss on foreign exchange transactions	-	12,106
and after crediting:		
Profit on disposal of tangible assets	-	2,710
Profit on foreign exchange transactions	13,438	-

5 Interest payable

	2013 £	2012 £
Hire purchase interest payable	-	2,664
Bank interest payable	35	991
Other loan interest payable	117,390	140,262
	<u>117,425</u>	<u>143,917</u>

6 Taxation

	2013 £	2012 £
Domestic current year tax		
U.K. corporation tax	36,136	6,571
Deferred tax	35,991	-
Current tax charge	<u>72,127</u>	<u>6,571</u>
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	<u>460,341</u>	<u>37,433</u>
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 23% (2012: 24%)	105,878	8,985
Effects of:		
Non deductible expenses	(35,778)	5,246
Depreciation added back	55,947	71,955
Capital allowances	(87,621)	(76,728)
Utilisation of losses brought forward	-	(2,414)
Profits charged at lower rate	(2,290)	(473)
	<u>(69,742)</u>	<u>(2,414)</u>
Current tax charge	<u>36,136</u>	<u>6,571</u>

There are no factors affecting future tax charges.

MANTEC GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

7 Intangible fixed assets

Group	Trademarks
Cost	£
At 1 January 2013	-
Additions	384,345
At 31 December 2013	384,345
Amortisation	
At 1 January 2013	-
Charge	16,083
At 31 December 2013	16,083
Net book value	
At 31 December 2013	368,262
At 31 December 2012	-

8 Tangible fixed assets

Group	Land and buildings freehold	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
Cost	£	£	£	£	£
At 1 January 2013	1,031,435	4,211,541	251,713	26,494	5,521,183
Additions	-	139,255	13,477	-	152,732
Disposals	(944,435)	(424,764)	(54,929)	(453)	(1,424,581)
At 31 December 2013	87,000	3,926,032	210,261	26,041	4,249,334
Depreciation					
At 1 January 2013	80,995	3,459,776	231,383	21,128	3,793,282
Disposals	(64,213)	(295,701)	(39,838)	(236)	(399,988)
Charge for the year	10,849	194,787	4,842	2,053	212,531
At 31 December 2013	27,631	3,358,862	196,387	22,945	3,605,825
Net book value					
At 31 December 2013	59,369	567,170	13,874	3,096	643,509
At 31 December 2012	950,440	751,765	20,330	5,366	1,727,901

Included above are assets held under hire purchase contract with a net book value of £nil (2012: £nil). The depreciation charge for the year on these assets was £nil (2012: £9,302).

MANTEC GROUP LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2013****9 Assets held for sale
Group**

	£
Cost	
At 1 January 2013	-
Additions	5,000
At 31 December 2013	<u>5,000</u>
Net book value	
At 31 December 2013	<u>5,000</u>
At 31 December 2012	<u>-</u>

**10 Investments
Company**

	£
Cost	
At 1 January 2013	4,693,029
Additions	5,000
At 31 December 2013	<u>4,698,029</u>
Provisions for diminution in value	
At 1 January 2013	596,770
Charge for the year	-
At 31 December 2013	<u>596,770</u>
Net book value	
At 31 December 2013	<u>4,101,259</u>
At 31 December 2012	<u>4,096,259</u>

In the opinion of the directors, the aggregate value of the company's investment in subsidiaries is not less than the net asset value.

MANTEC GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

10 Investments (continued)

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Class	Shares held %
Mantec Technical Ceramics Limited	England and Wales	Ordinary	100
Mantec Properties Limited	England and Wales	Ordinary	100
Fairey Industrial Ceramics Limited	England and Wales	Ordinary	100
Taylor Tunnicliff Limited	England and Wales	Ordinary	100
Duchess China Limited	England and Wales	Ordinary	100
Grimwades Limited	England and Wales	Ordinary	100
Wykes International Limited	England and Wales	Ordinary	100
Royal Winton Limited	England and Wales	Ordinary	100

The following were 100% subsidiary undertakings of Mantec Technical Ceramics Limited:

Xtract Filtration Systems Limited	England and Wales	Ordinary	100
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The following were 100% subsidiary undertakings of Taylor Tunnicliff Limited:

Ceramic Gas Products Limited	England and Wales	Ordinary	100
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Company	Principal activity
Mantec Technical Ceramics Limited	Manufacture of technical ceramics
Mantec Properties Limited	Dormant
Fairey Industrial Ceramics Limited	Manufacture of ceramic point of use drinking water filters
Taylor Tunnicliff Limited	Ceased to trade
Duchess China Limited	Manufacture and distributor of domestic ceramics
Grimwades Limited	Property holding company
Wykes International Limited	Dormant
Ceramics Gas Products Limited	Dormant
Xtract Filtration Systems Limited	Manufacture of engineered filtration systems
Royal Winton Limited	Dormant

11 Stocks

	Group 2013	Company 2013	Group 2012	Company 2012
	£	£	£	£
Raw materials	1,041,410	-	825,735	-
Work in progress	379,507	-	412,630	-
Finished goods	529,554	-	818,607	-
	<u>1,950,471</u>	<u>-</u>	<u>2,056,972</u>	<u>-</u>

The replacement cost of stock is not materially different from the value at which it is stated in the accounts.

MANTEC GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

12 Debtors

	Group 2013	Company 2013	Group 2012	Company 2012
	£	£	£	£
Trade debtors	1,679,465	24,773	1,796,822	7,276
Amounts owed by group undertakings	-	1,998,139	-	1,820,595
Other debtors	315,789	3,806	264,008	18,806
Prepayments and accrued income	252,321	12,749	474,748	35,618
	<u>2,247,575</u>	<u>2,039,467</u>	<u>2,535,578</u>	<u>1,882,295</u>

Company

Included in amounts owed by group undertakings is £1,530,000 (2012: £1,530,000) due in greater than one year.

13 Creditors: amounts falling due within one year

	Group 2013	Company 2013	Group 2012	Company 2012
	£	£	£	£
Trade creditors	707,207	6,864	759,916	14,832
Amounts owed to group undertakings	-	500,000	-	-
Taxes and social security costs	276,725	75,926	244,469	53,996
Other creditors	982,759	787,727	417,676	257,604
Accruals and deferred income	268,005	40,005	317,385	24,124
	<u>2,234,696</u>	<u>1,410,522</u>	<u>1,739,446</u>	<u>350,556</u>

Group

Included in other creditors is a loan of £nil (2012: £503) which was secured on the group's freehold property (see note 24).

14 Creditors: amounts falling due more than one year

	Group 2013	Company 2013	Group 2012	Company 2012
	£	£	£	£
Other creditors	1,327,312	1,283,275	2,980,504	2,178,665
	<u>1,327,312</u>	<u>1,283,275</u>	<u>2,980,504</u>	<u>2,178,665</u>

Included in other creditors is a loan of £nil (2012: £750,000) which was secured on the group's freehold property (see note 24).

MANTEC GROUP LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2013****15 Provisions for liabilities**

Group	Deferred taxation £	Other £	Total £
Balance at 1 January 2013	-	19,000	19,000
Charge for the year	35,991	-	35,991
Balance at 31 December 2013	<u>35,991</u>	<u>19,000</u>	<u>54,991</u>

The deferred tax liability is made up of as follows:

	2013 £	2012 £
Accelerated capital allowances	<u>35,991</u>	<u>-</u>

Other provisions relate to warranties on sale of filtration systems.

16 Pension costs - defined contribution

	2013 £	2012 £
Contribution payable by the company for the year	<u>120,335</u>	<u>126,783</u>

17 Share capital

	2013 £	2012 £
Allotted, called up and fully paid		
1,010 Ordinary shares of £1 each	<u>1,010</u>	<u>1,010</u>

The company operates an Enterprise Management Incentive share option scheme for certain directors. During the current year options over nil (2012: 10) shares were exercised at a price of £550 per share and no options lapsed. This leaves options over 100 (2012: 100) £1 ordinary shares at £550 in existence, exercisable in whole or in part prior to 5 March 2017.

MANTEC GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

18 Statement of movements on profit and loss account

Group	Share premium £	Other reserves £	Profit and loss account £
At 1 January 2013	5,490	10,000	2,199,054
Retained profit for the year	-	-	388,214
At 31 December 2013	<u>5,490</u>	<u>10,000</u>	<u>2,587,268</u>
Company	Share premium £	Other reserves £	Profit and loss account £
At 1 January 2013	5,490	10,000	3,478,070
Retained profit for the year	-	-	98,729
At 31 December 2013	<u>5,490</u>	<u>10,000</u>	<u>3,576,799</u>

Other reserves represent an amount received in the group reorganisation in 2006.

19 Reconciliation of movements in shareholders' funds

	2013 £	2012 £
Group		
Opening shareholders' funds	2,215,554	2,179,192
Proceeds from issue of shares	-	5,500
Profit for the year	388,214	30,862
Closing shareholders' funds	<u>2,603,768</u>	<u>2,215,554</u>
Company	2013 £	2012 £
Opening shareholders' funds	3,494,570	2,882,134
Proceeds from issue of shares	-	5,500
Profit for the year	98,729	606,936
	<u>3,593,299</u>	<u>3,494,570</u>

20 Contingent liabilities

Company

At the year end the company was party to a cross guarantee for a group overdraft facility with all companies within the group (see note 10). At the balance sheet date, the contingent liability attributable to Mantec Group Limited amounted to £140,704 (2012: £414,866).

MANTEC GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

21 Directors' emoluments

	2013 £	2012 £
Emoluments for qualifying services	254,218	204,410
Company pension contributions to money purchased schemes	25,753	24,741
	<u>279,971</u>	<u>229,151</u>

Emoluments disclosed above include the following amounts paid to the highest paid director:

	2013 £	2012 £
Emoluments for qualifying services	168,718	129,014
Company pension contributions to money purchase schemes	16,034	15,606
	<u>184,752</u>	<u>144,620</u>

During the prior year a director exercised their share options (see note 17).

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2012: 2).

22 Employees

Number of employees

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

	2013 Number	2012 Number
Production and distribution	91	111
Administration	60	66
	<u>151</u>	<u>177</u>

Employment costs

	£	£
Wages and salaries	4,007,363	3,780,534
Social security costs	307,404	324,163
Other pension costs	120,335	126,783
	<u>4,435,102</u>	<u>4,231,480</u>

23 Financial commitments

At 31 December 2013 the group was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2014:

	Land and buildings		Other	
	2013 £	2012 £	2013 £	2012 £
Operating leases which expire:				
Within one year	-	-	13,669	749
Between two and five years	-	-	21,953	39,286
In over five years	327,900	327,900	-	-
	<u>327,900</u>	<u>327,900</u>	<u>35,622</u>	<u>40,035</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

24 Related party transactions

Company and Group

The company and group is taking advantage of the exemption conferred by Financial Reporting Standard 8 not to disclose related party transactions and balances which are eliminated on consolidation.

At the balance sheet date, included in creditors due in less than one year is £450,000 (2012: £450,000 due in more than one year) due to Cleome Limited, a company owned by a Trust administered by independent professional trustees, of which the husband of Mrs V. Davis, the current material shareholder of the company, is settlor. The loan is subject to interest at 4% above Bank of England base rate and during the year interest of £20,250 (2012: £20,305) was charged on the loan. £388 (2012: £388) of interest remains unpaid at the balance sheet date and is included in creditors due within one year.

At the balance sheet date, included in other creditors due within one year is an amount of £120,000 (2012: £120,000) and an amount included within creditors due after more than one year of £1,283,275 (2012: £1,728,665) due to Mrs V. Davis, the current material shareholder of the company. Both of the loans attract interest at a rate of 4% above the Bank of England base rate and the interest charge for the year was £80,123 (2012: £91,638). Interest amounting to £217,727 (2012: £137,604) remains unpaid and is included in other creditors due within one year at the balance sheet date.

At the balance sheet date included in other debtors is an amount of £24,773 (2012: £22,276) due from DFT Property Management Limited, a company in which Mrs V. Davis, the current material shareholder of the company has a material interest.

Company

During the year management fees of £20,000 (2012: £6,000) were charged to DFT Property Management Limited.

Group

During the year rent of £7,000 (2012: £7,000) and a management fee of £32,960 (2012: £6,000) was received from DFT Property Management Limited.

During the year rent of £140,000 (2012: £140,000) was charged by R J Bown (Holdings) Limited SIBA, a pension scheme in which, the husband of Mrs V. Davis, the current material shareholder of the company, has a material interest. At the balance sheet date an amount of £35,000 (2012: £35,000) is due to R J Bown (Holdings) Limited SIBA.

At the balance sheet date the following additional amounts were due to Cleome Limited:

	2013	2012
	£	£
Creditors due in more than one year	-	750,000
	<u>-</u>	<u>750,000</u>

Interest of £17,016 (2012: £28,319) was charged on this loan during the year at a rate of 3% above the Bank of England base rate. Of this amount £nil (2012: £503) is included in accruals at the balance sheet date. The loan was secured against the group's freehold property.

MANTEC GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

25 Reconciliation of operating profit to net cash inflow from operating activities	2013	2012
	£	£
Operating profit	228,049	181,350
Amortisation of intangible assets	16,083	-
Depreciation of tangible assets	212,531	261,553
Profit on disposal of fixed assets	-	(2,710)
Decrease in stock	106,501	151,895
Decrease in debtors	269,574	621,025
Decrease in creditors	(444,081)	(463,022)
Net cash inflow from operating activities	388,657	750,091

26 Analysis of net debt

	1 Jan 2013	Cash Flow	Non-cash changes	31 Dec 2013
	£	£	£	£
Net cash:				
Cash at bank and in hand	634,053	371,897	-	1,005,950
	634,053	371,897	-	1,005,950
Debts falling due within one year	-	-	(450,000)	(450,000)
Debts falling due after one year	(1,200,000)	750,000	450,000	-
Net debt:	(565,947)	1,121,897	-	555,950

27 Reconciliation of net cash flow to movement in net debt	2013	2012
	£	£
Increase in cash in the year	371,897	143,645
Cash outflow from decrease in debt	750,000	238,450
Movement in net debt in the year	1,121,897	382,095
Opening net debt	(565,947)	(948,042)
Closing net funds/(debt)	555,950	(565,947)

28 Ultimate controlling party

Mrs V. Davis is regarded as the company's ultimate controlling party by virtue of her shareholding in the company, in both the current and prior year.