

AMAZON FILTERS LIMITED
GROUP STRATEGIC REPORT,
REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2015

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for the year ended 28 February 2015

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AMAZON FILTERS LIMITED
COMPANY INFORMATION
for the year ended 28 February 2015

DIRECTORS: J W Kirby
K J Pizzey
N M Pizzey

SECRETARY: R S Hawes

REGISTERED OFFICE: Albany Park Estate
Frimley Road
CAMBERLEY
Surrey
GU16 7PG

REGISTERED NUMBER: 01318147 (England and Wales)

AUDITORS: HPCA Ltd
Chartered Accountants
and Statutory Auditors
Station House
Connaught Road
Brookwood
Woking
Surrey
GU24 0ER

AMAZON FILTERS LIMITED (REGISTERED NUMBER: 01318147)

GROUP STRATEGIC REPORT
for the year ended 28 February 2015

The directors present their strategic report of the company and the group for the year ended 28 February 2015.

REVIEW OF BUSINESS

Amazon Filters Ltd has achieved excellent growth over the last few years and achieved a turnover of c.£22.5 million in 2014/15, split between sales to the End User, Resale and Oil & Gas sectors. Sales are approximately 35% in the UK, and 65% export - with over 70% of that exported to the EU.

Modest growth has been achieved in the UK market in the last few years, and we are suffering from being targeted by aggressive low-cost importers to our traditional customers whilst finding it difficult to penetrate new, high end customers, whilst at the same time seeing a change in purchasing methods with many major accounts choosing to use integrators as a way of reducing costs.

Export sales have driven most of Amazon Filter's growth, aided by the weak pound v. the euro. Clearly the recent weakness of the euro will present a significant challenge to Amazon Filters Ltd's competitiveness in the Eurozone.

Amazon Filters Ltd's recent activity in the ASEAN region is going reasonably well; customers appear receptive to a mid-market brand and there are some significant filter users open to us but price and therefore margins are lower than we are used to and we need to ensure we can establish a profitable business in this region.

Our latest venture to explore export opportunities in North & South America will be interesting in terms of the competitive situation there - we need to find out if we can realistically supply and distribute in what is likely to be a very challenging, well served market.

Sales to Oil & Gas customers remain significant and attractive in terms of volume but are vulnerable to predatory competitors. Large new project opportunities are currently limited so focus is now on attempting to leverage references in order to win aftermarket business on non- Amazon Filters Ltd installations, as well as protecting current business.

Amazon Filters Ltd will need to focus on cost reduction in order to remain competitive and to actively seek out high-end and new application areas that are less price sensitive than mature markets.

ON BEHALF OF THE BOARD:



R S Hawes - Secretary

13 August 2015

REPORT OF THE DIRECTORS
for the year ended 28 February 2015

The directors present their report with the financial statements of the company and the group for the year ended 28 February 2015.

DIVIDENDS

The company declared interim dividends on the ordinary share capital amounting to £855,000 (2014: £591,000).

DIRECTORS

The directors shown below have held office during the whole of the period from 1 March 2014 to the date of this report.

J W Kirby
K J Pizzey
N M Pizzey

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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 the group and of the profit or loss of the group 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

AUDITORS

The auditors, HPCA Ltd, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:



R S Hawes - Secretary

13 August 2015

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
AMAZON FILTERS LIMITED

We have audited the financial statements of Amazon Filters Limited for the year ended 28 February 2015 on pages six to twenty six. 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 a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, 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 group's and the parent 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 Group Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 28 February 2015 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 Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
AMAZON FILTERS 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.



Lance Redman (Senior Statutory Auditor)
for and on behalf of HPCA Ltd
Chartered Accountants
and Statutory Auditors
Station House
Connaught Road
Brookwood
Woking
Surrey
GU24 0ER

13 August 2015

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 28 February 2015

| | Notes | 2015 | | 2014 | |
|--|-------|-------------------|-------------------|-------------------|------------------|
| | | £ | £ | £ | £ |
| TURNOVER | 2 | | 22,519,266 | | 17,443,303 |
| Continuing operations | | 22,508,430 | | 17,443,303 | |
| Acquisitions | | 10,836 | | - | |
| | | <u>22,519,266</u> | | <u>17,443,303</u> | |
| Cost of sales | 3 | | <u>12,557,875</u> | | <u>9,462,033</u> |
| GROSS PROFIT | 3 | | 9,961,391 | | 7,981,270 |
| Net operating expenses | 3 | | <u>6,022,263</u> | | <u>4,967,261</u> |
| OPERATING PROFIT | 5 | | 3,939,128 | | 3,014,009 |
| Continuing operations | | 4,295,144 | | 3,014,009 | |
| Acquisitions | | (356,016) | | - | |
| | | <u>3,939,128</u> | | <u>3,014,009</u> | |
| Interest receivable and similar income | | | <u>8,936</u> | | <u>2,717</u> |
| | | | 3,948,064 | | 3,016,726 |
| Interest payable and similar charges | 6 | | <u>17,494</u> | | <u>23,383</u> |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | | 3,930,570 | | 2,993,343 |
| Tax on profit on ordinary activities | 7 | | <u>810,368</u> | | <u>677,812</u> |
| PROFIT FOR THE FINANCIAL YEAR FOR THE GROUP | | | <u>3,120,202</u> | | <u>2,315,531</u> |

The notes form part of these financial statements

AMAZON FILTERS LIMITED (REGISTERED NUMBER: 01318147)

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 28 February 2015

| | 2015 £ | 2014 £ |
|---|------------------|------------------|
| PROFIT FOR THE FINANCIAL YEAR | 3,120,202 | 2,315,531 |
| Foreign exchange translation adjustments | 19,936 | 7,134 |
| | <hr/> | <hr/> |
| TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR | <u>3,140,138</u> | <u>2,322,665</u> |

NOTE OF HISTORICAL COST PROFITS AND LOSSES
for the year ended 28 February 2015

| | 2015 £ | 2014 £ |
|--|------------------|------------------|
| REPORTED PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | 3,930,570 | 2,993,343 |
| Revaluation on consolidation | 53,039 | - |
| | <hr/> | <hr/> |
| HISTORICAL COST PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | <u>3,983,609</u> | <u>2,993,343</u> |
| | <hr/> | <hr/> |
| HISTORICAL COST PROFIT FOR THE YEAR RETAINED AFTER TAXATION AND DIVIDENDS | <u>2,318,241</u> | <u>1,724,531</u> |

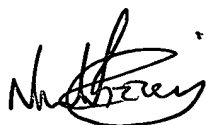
The notes form part of these financial statements

CONSOLIDATED BALANCE SHEET

28 February 2015

| | Notes | 2015 | | 2014 | |
|--|-------|------------|------------|-----------|-----------|
| | | £ | £ | £ | £ |
| FIXED ASSETS | | | | | |
| Intangible assets | 10 | | 410,952 | | 87,954 |
| Tangible assets | 11 | | 2,274,223 | | 1,955,829 |
| Investments | 12 | | - | | - |
| | | | <hr/> | | <hr/> |
| | | | 2,685,175 | | 2,043,783 |
| CURRENT ASSETS | | | | | |
| Stocks | 13 | 2,144,859 | | 2,317,776 | |
| Debtors | 14 | 3,524,932 | | 3,415,477 | |
| Cash at bank and in hand | | 5,075,616 | | 3,623,088 | |
| | | | <hr/> | | <hr/> |
| | | 10,745,407 | | 9,356,341 | |
| CREDITORS | | | | | |
| Amounts falling due within one year | 15 | 2,403,396 | | 2,424,205 | |
| | | | <hr/> | | <hr/> |
| NET CURRENT ASSETS | | | 8,342,011 | | 6,932,136 |
| | | | <hr/> | | <hr/> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | 11,027,186 | | 8,975,919 |
| CREDITORS | | | | | |
| Amounts falling due after more than one year | 16 | | (106,816) | | (375,687) |
| PROVISIONS FOR LIABILITIES | 20 | | (195,000) | | (160,000) |
| | | | <hr/> | | <hr/> |
| NET ASSETS | | | 10,725,370 | | 8,440,232 |
| | | | <hr/> | | <hr/> |
| CAPITAL AND RESERVES | | | | | |
| Called up share capital | 21 | | 7,500 | | 7,500 |
| Capital redemption reserve | 22 | | 2,500 | | 2,500 |
| Profit and loss account | 22 | | 10,715,370 | | 8,430,232 |
| | | | <hr/> | | <hr/> |
| SHAREHOLDERS' FUNDS | 26 | | 10,725,370 | | 8,440,232 |
| | | | <hr/> | | <hr/> |

The financial statements were approved by the Board of Directors on 13 August 2015 and were signed on its behalf by:



N M Pizzey - Director

The notes form part of these financial statements

COMPANY BALANCE SHEET

28 February 2015

| | Notes | 2015 | | 2014 | |
|--|-------|------------|------------|-----------|-----------|
| | | £ | £ | £ | £ |
| FIXED ASSETS | | | | | |
| Intangible assets | 10 | | - | | - |
| Tangible assets | 11 | | 2,152,598 | | 1,920,637 |
| Investments | 12 | | 922,850 | | 439,870 |
| | | | <hr/> | | <hr/> |
| | | | 3,075,448 | | 2,360,507 |
| CURRENT ASSETS | | | | | |
| Stocks | 13 | 2,043,822 | | 2,242,797 | |
| Debtors | 14 | 3,668,214 | | 3,417,448 | |
| Cash at bank and in hand | | 4,929,414 | | 3,536,874 | |
| | | <hr/> | | <hr/> | |
| | | 10,641,450 | | 9,197,119 | |
| CREDITORS | | | | | |
| Amounts falling due within one year | 15 | 2,440,227 | | 2,397,465 | |
| | | <hr/> | | <hr/> | |
| NET CURRENT ASSETS | | | 8,201,223 | | 6,799,654 |
| | | | <hr/> | | <hr/> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | 11,276,671 | | 9,160,161 |
| CREDITORS | | | | | |
| Amounts falling due after more than one year | 16 | | (106,816) | | (375,687) |
| PROVISIONS FOR LIABILITIES | 20 | | (195,000) | | (160,000) |
| | | | <hr/> | | <hr/> |
| NET ASSETS | | | 10,974,855 | | 8,624,474 |
| | | | <hr/> | | <hr/> |
| CAPITAL AND RESERVES | | | | | |
| Called up share capital | 21 | | 7,500 | | 7,500 |
| Capital redemption reserve | 22 | | 2,500 | | 2,500 |
| Profit and loss account | 22 | | 10,964,855 | | 8,614,474 |
| | | | <hr/> | | <hr/> |
| SHAREHOLDERS' FUNDS | 26 | | 10,974,855 | | 8,624,474 |
| | | | <hr/> | | <hr/> |

The financial statements were approved by the Board of Directors on 13 August 2015 and were signed on its behalf by:



N M Pizzey - Director

The notes form part of these financial statements

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 28 February 2015

| | Notes | 2015 | | 2014 | |
|---|-------|----------------|-------------------------|----------------|-------------------------|
| | | £ | £ | £ | £ |
| Net cash inflow from operating activities | 1 | | 4,322,528 | | 3,850,201 |
| Returns on investments and servicing of finance | 2 | | (8,558) | | (17,954) |
| Taxation | | | (758,805) | | (793,423) |
| Capital expenditure | 2 | | (1,163,497) | | (416,391) |
| Equity dividends paid | | | (855,000) | | (591,000) |
| | | | <u>1,536,668</u> | | <u>2,031,433</u> |
| Financing | 2 | | (166,528) | | (347,434) |
| Increase in cash in the period | | | <u><u>1,370,140</u></u> | | <u><u>1,683,999</u></u> |
| <hr/> | | | | | |
| Reconciliation of net cash flow to movement in net funds | 3 | | | | |
| Increase in cash in the period | | 1,370,140 | | 1,683,999 | |
| Cash outflow from decrease in debt and lease financing | | <u>356,569</u> | | <u>202,382</u> | |
| Change in net funds resulting from cash flows | | | <u>1,726,709</u> | | <u>1,886,381</u> |
| Movement in net funds in the period | | | 1,726,709 | | 1,886,381 |
| Net funds at 1 March | | | <u>3,054,415</u> | | <u>1,168,034</u> |
| Net funds at 28 February | | | <u><u>4,781,124</u></u> | | <u><u>3,054,415</u></u> |

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
for the year ended 28 February 2015

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

| | 2015 | 2014 |
|--|-------------------------|-------------------------|
| | £ | £ |
| Operating profit | 3,939,128 | 3,014,009 |
| Depreciation charges | 536,331 | 493,140 |
| Loss on disposal of fixed assets | 16,765 | 11,891 |
| Foreign exchange loss | 36,030 | 12,711 |
| Decrease/(increase) in stocks | 184,021 | (433,768) |
| (Increase)/decrease in debtors | (289,718) | 15,909 |
| (Decrease)/increase in creditors | (100,029) | 736,309 |
| Net cash inflow from operating activities | <u>4,322,528</u> | <u>3,850,201</u> |

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

| | 2015 | 2014 |
|---|---------------------------|-------------------------|
| | £ | £ |
| Returns on investments and servicing of finance | | |
| Interest received | 8,936 | 5,429 |
| Interest paid | (4,671) | (10,928) |
| Interest element of finance lease payments | (12,823) | (12,455) |
| Net cash outflow for returns on investments and servicing of finance | <u>(8,558)</u> | <u>(17,954)</u> |
| Capital expenditure | | |
| Purchase of intangible fixed assets | (379,616) | - |
| Purchase of tangible fixed assets | (828,034) | (444,517) |
| Sale of tangible fixed assets | 44,153 | 28,126 |
| Net cash outflow for capital expenditure | <u>(1,163,497)</u> | <u>(416,391)</u> |
| Financing | | |
| Loan repayments in year | (242,347) | (84,586) |
| Finance received via invoice discounting | 187,041 | (145,052) |
| Capital repayments in year | (114,222) | (117,796) |
| Amount introduced by directors | 3,000 | - |
| Net cash outflow from financing | <u>(166,528)</u> | <u>(347,434)</u> |

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
for the year ended 28 February 2015

3. ANALYSIS OF CHANGES IN NET FUNDS

| | At 1.3.14 £ | Cash flow £ | At 28.2.15 £ |
|--------------------------------------|-------------------------|-------------------------|-------------------------|
| Net cash: | | | |
| Cash at bank and in hand | 3,623,088 | 1,452,528 | 5,075,616 |
| Bank overdraft | - | (82,388) | (82,388) |
| | <u>3,623,088</u> | <u>1,370,140</u> | <u>4,993,228</u> |
| Debt: | | | |
| Finance leases | (326,326) | 114,222 | (212,104) |
| Debts falling due within one year | (78,765) | 78,765 | - |
| Debts falling due after one year | <u>(163,582)</u> | <u>163,582</u> | <u>-</u> |
| | <u>(568,673)</u> | <u>356,569</u> | <u>(212,104)</u> |
| Total | <u><u>3,054,415</u></u> | <u><u>1,726,709</u></u> | <u><u>4,781,124</u></u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 28 February 2015

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

Basis of consolidation

All companies over which the group is able to exercise a dominant influence are consolidated as subsidiary undertakings. Dominant influence is defined as the right to give directions with respect to operating and financial policies.

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Turnover is recognised when the company obtains the right to consideration. This is considered to be when goods are despatched and the title is passed.

Goodwill

Goodwill, being the amount paid in connection with the acquisition of a business in 2014, is being amortised evenly over its estimated useful life of ten years.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

| | |
|-----------------------|-------------------------------|
| Short leasehold | - Straight line over 15 years |
| Plant and machinery | - 10% on cost |
| Fixtures and fittings | - 33% on cost and 10% on cost |
| Motor vehicles | - 33% on reducing balance |

Stocks

Stock is valued at the lower of cost and net realisable value. Cost of finished goods and work in progress includes overheads appropriate to the stage of manufacture. Net realisable value is based upon estimated selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete and slow-moving items.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to the profit and loss account in the period to which they relate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 28 February 2015

1. ACCOUNTING POLICIES - continued

Investments

Fixed asset investments are stated at cost less provision of diminution in value.

2. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the group.

An analysis of turnover by geographical market is given below:

| | 2015 £ | 2014 £ |
|---------------------|-------------------|-------------------|
| Sales UK | 8,955,324 | 6,475,020 |
| Sales Europe | 7,654,564 | 7,204,309 |
| Sales Rest of World | 5,909,378 | 3,763,974 |
| | <u>22,519,266</u> | <u>17,443,303</u> |

3. ANALYSIS OF OPERATIONS

| | Continuing £ | 2015 Acquisitions £ | Total £ |
|-------------------------|-------------------|---------------------------|-------------------|
| Cost of sales | <u>12,466,336</u> | <u>91,539</u> | <u>12,557,875</u> |
| Gross profit/(loss) | <u>10,042,094</u> | <u>(80,703)</u> | <u>9,961,391</u> |
| Net operating expenses: | | | |
| Administrative expenses | 5,758,046 | 275,313 | 6,033,359 |
| Other operating income | (11,096) | - | (11,096) |
| | <u>5,746,950</u> | <u>275,313</u> | <u>6,022,263</u> |
| | | | |
| | Continuing £ | 2014 Acquisitions £ | Total £ |
| Cost of sales | <u>9,462,033</u> | <u>-</u> | <u>9,462,033</u> |
| Gross profit | <u>7,981,270</u> | <u>-</u> | <u>7,981,270</u> |
| Net operating expenses: | | | |
| Administrative expenses | <u>4,967,261</u> | <u>-</u> | <u>4,967,261</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 28 February 2015

4. STAFF COSTS

| | 2015 | 2014 |
|-----------------------|------------------|------------------|
| | £ | £ |
| Wages and salaries | 4,930,324 | 4,309,556 |
| Social security costs | 492,674 | 431,864 |
| Other pension costs | 207,201 | 180,484 |
| | <u>5,630,199</u> | <u>4,921,904</u> |

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

| | 2015 | 2014 |
|-----------|------------|------------|
| Directors | 3 | 3 |
| Other | 168 | 127 |
| | <u>171</u> | <u>130</u> |

5. OPERATING PROFIT

The operating profit is stated after charging:

| | 2015 | 2014 |
|---|----------------|---------------|
| | £ | £ |
| Hire of plant and machinery | 36,706 | 22,907 |
| Depreciation - owned assets | 425,445 | 408,191 |
| Depreciation - assets on finance leases | 64,849 | 75,771 |
| Loss on disposal of fixed assets | 16,765 | 11,891 |
| Goodwill amortisation | 46,036 | 9,177 |
| Auditors' remuneration | 22,500 | 20,500 |
| Foreign exchange differences | <u>163,166</u> | <u>6,258</u> |
| Directors' remuneration | <u>80,833</u> | <u>75,001</u> |

The number of directors to whom retirement benefits were accruing was as follows:

| | 3 | 3 |
|------------------------|----------|----------|
| Money purchase schemes | <u>3</u> | <u>3</u> |

6. INTEREST PAYABLE AND SIMILAR CHARGES

| | 2015 | 2014 |
|--------------------------|---------------|---------------|
| | £ | £ |
| Bank loan interest | 4,671 | 10,884 |
| Interest on late payment | - | 44 |
| Hire purchase | 10,952 | 11,359 |
| Leasing | 1,871 | 1,096 |
| | <u>17,494</u> | <u>23,383</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 28 February 2015

7. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

| | 2015 £ | 2014 £ |
|--------------------------------------|-----------|-----------|
| Current tax: | | |
| UK corporation tax | 777,887 | 700,000 |
| (Over)/under provision | (2,519) | (15,188) |
| Total current tax | 775,368 | 684,812 |
| Deferred tax | 35,000 | (7,000) |
| Tax on profit on ordinary activities | 810,368 | 677,812 |

UK corporation tax was charged at 23.08% in 2014.

Factors affecting the tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

| | 2015 £ | 2014 £ |
|--|-----------|-----------|
| Profit on ordinary activities before tax | 3,930,570 | 2,993,343 |
| Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21.120% (2014 - 23.080%) | 830,136 | 690,864 |
| Effects of: | | |
| Non deductible expenses | 3,968 | 8,503 |
| Depreciation in excess of capital allowances | - | 127 |
| Capital allowances in excess of depreciation | (57,542) | - |
| Adjustments to tax charge in respect of previous periods | (2,519) | (15,188) |
| Enhanced tax deduction | (29,170) | (3,540) |
| Over provision of liability | 2,340 | 2,519 |
| Tax liability for overseas subsidiary | 12,887 | - |
| Consolidation adjustment | 15,268 | 1,527 |
| Current tax charge | 775,368 | 684,812 |

8. PROFIT OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the Profit and Loss Account of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £3,205,381 (2014 - £2,322,148).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 28 February 2015

9. DIVIDENDS

| | 2015 | 2014 |
|---|----------------|----------------|
| | £ | £ |
| 'A' Ordinary shares of £1 each Interim | 708,750 | 506,250 |
| 'B' Ordinary shares of £1 each Interim | 47,250 | 33,750 |
| 'C' Ordinary shares of £1 each Interim | 99,000 | 51,000 |
| | <u>855,000</u> | <u>591,000</u> |

10. INTANGIBLE FIXED ASSETS

Group

| | Goodwill £ |
|-----------------------|----------------|
| COST | |
| At 1 March 2014 | 137,675 |
| Additions | 379,616 |
| Exchange differences | (16,564) |
| | <u>500,727</u> |
| At 28 February 2015 | |
| AMORTISATION | |
| At 1 March 2014 | 49,721 |
| Amortisation for year | 46,036 |
| Exchange differences | (5,982) |
| | <u>89,775</u> |
| At 28 February 2015 | |
| NET BOOK VALUE | |
| At 28 February 2015 | <u>410,952</u> |
| At 28 February 2014 | <u>87,954</u> |

The addition of goodwill relates to the goodwill arising on consolidation from the acquisition of Amazon Filters SP.Z O.O. a company incorporated and trading in Poland. The goodwill is the difference between the payment of £482,980 and the fair value of the assets purchased at £103,364.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 28 February 2015

11. TANGIBLE FIXED ASSETS

Group

| | Short leasehold £ | Plant and machinery £ | Fixtures and fittings £ | Motor vehicles £ | Totals £ |
|--------------------------|-------------------------|-----------------------------|----------------------------------|------------------------|-------------|
| COST OR VALUATION | | | | | |
| At 1 March 2014 | 1,116,275 | 2,573,977 | 756,347 | 344,231 | 4,790,830 |
| Additions | 238,108 | 367,184 | 103,631 | 111,871 | 820,794 |
| Disposals | (41,309) | (3,821) | - | (117,391) | (162,521) |
| Revaluations | - | 24,789 | - | 28,250 | 53,039 |
| Exchange differences | (389) | - | (4,158) | (3,805) | (8,352) |
| At 28 February 2015 | 1,312,685 | 2,962,129 | 855,820 | 363,156 | 5,493,790 |
| DEPRECIATION | | | | | |
| At 1 March 2014 | 552,561 | 1,530,786 | 586,690 | 164,964 | 2,835,001 |
| Charge for year | 80,856 | 245,620 | 82,970 | 80,848 | 490,294 |
| Eliminated on disposal | (21,779) | (3,070) | - | (76,754) | (101,603) |
| Exchange differences | (299) | - | (2,755) | (1,071) | (4,125) |
| At 28 February 2015 | 611,339 | 1,773,336 | 666,905 | 167,987 | 3,219,567 |
| NET BOOK VALUE | | | | | |
| At 28 February 2015 | 701,346 | 1,188,793 | 188,915 | 195,169 | 2,274,223 |
| At 28 February 2014 | 563,714 | 1,043,191 | 169,657 | 179,267 | 1,955,829 |

Cost or valuation at 28 February 2015 is represented by:

| | Short leasehold £ | Plant and machinery £ | Fixtures and fittings £ | Motor vehicles £ | Totals £ |
|-------------------|-------------------------|-----------------------------|----------------------------------|------------------------|-------------|
| Valuation in 2014 | - | 24,789 | - | 28,250 | 53,039 |
| Cost | 1,312,685 | 2,937,340 | 855,820 | 334,906 | 5,440,751 |
| | 1,312,685 | 2,962,129 | 855,820 | 363,156 | 5,493,790 |

The revaluations relate to the uplift in value of the fixed assets of the Polish subsidiary, restating them at fair value on consolidation which is in excess of the values disclosed in the subsidiary accounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 28 February 2015

11. TANGIBLE FIXED ASSETS - continued

Group

Fixed assets, included in the above, which are held under finance leases are as follows:

| | Plant and machinery £ | Motor vehicles £ | Totals £ |
|--------------------------|-----------------------------|------------------------|-------------|
| COST OR VALUATION | | | |
| At 1 March 2014 | | | |
| and 28 February 2015 | 544,019 | 55,036 | 599,055 |
| DEPRECIATION | | | |
| At 1 March 2014 | 144,621 | 23,694 | 168,315 |
| Charge for year | 54,402 | 10,447 | 64,849 |
| At 28 February 2015 | 199,023 | 34,141 | 233,164 |
| NET BOOK VALUE | | | |
| At 28 February 2015 | 344,996 | 20,895 | 365,891 |
| At 28 February 2014 | 399,398 | 31,342 | 430,740 |

Company

| | Short leasehold £ | Plant and machinery £ | Fixtures and fittings £ | Motor vehicles £ | Totals £ |
|------------------------|-------------------------|-----------------------------|----------------------------------|------------------------|-------------|
| COST | | | | | |
| At 1 March 2014 | 1,113,040 | 2,573,977 | 727,480 | 312,608 | 4,727,105 |
| Additions | 238,108 | 320,130 | 100,850 | 92,965 | 752,053 |
| Disposals | (41,309) | (3,821) | - | (117,391) | (162,521) |
| At 28 February 2015 | 1,309,839 | 2,890,286 | 828,330 | 288,182 | 5,316,637 |
| DEPRECIATION | | | | | |
| At 1 March 2014 | 550,436 | 1,530,786 | 569,187 | 156,059 | 2,806,468 |
| Charge for year | 80,456 | 234,283 | 79,341 | 65,094 | 459,174 |
| Eliminated on disposal | (21,779) | (3,070) | - | (76,754) | (101,603) |
| At 28 February 2015 | 609,113 | 1,761,999 | 648,528 | 144,399 | 3,164,039 |
| NET BOOK VALUE | | | | | |
| At 28 February 2015 | 700,726 | 1,128,287 | 179,802 | 143,783 | 2,152,598 |
| At 28 February 2014 | 562,604 | 1,043,191 | 158,293 | 156,549 | 1,920,637 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 28 February 2015

11. TANGIBLE FIXED ASSETS - continued

Company

Fixed assets, included in the above, which are held under finance leases are as follows:

| | Plant and machinery £ | Motor vehicles £ | Totals £ |
|-----------------------|-----------------------------|------------------------|-------------|
| COST | | | |
| At 1 March 2014 | | | |
| and 28 February 2015 | 544,019 | 55,036 | 599,055 |
| DEPRECIATION | | | |
| At 1 March 2014 | 144,621 | 23,694 | 168,315 |
| Charge for year | 54,402 | 10,447 | 64,849 |
| At 28 February 2015 | 199,023 | 34,141 | 233,164 |
| NET BOOK VALUE | | | |
| At 28 February 2015 | 344,996 | 20,895 | 365,891 |
| At 28 February 2014 | 399,398 | 31,342 | 430,740 |

12. FIXED ASSET INVESTMENTS

Company

| | Shares in group undertakings £ |
|-----------------------|---|
| COST | |
| At 1 March 2014 | 439,870 |
| Additions | 482,980 |
| At 28 February 2015 | 922,850 |
| NET BOOK VALUE | |
| At 28 February 2015 | 922,850 |
| At 28 February 2014 | 439,870 |

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiaries

AMAZON FILTERS LIMITED (REGISTERED NUMBER: 01318147)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 28 February 2015

12. FIXED ASSET INVESTMENTS - continued

Amazon Filters GmbH

Country of incorporation: Germany

Nature of business: Sales and marketing of engineering products

| | |
|------------------|---------|
| | % |
| Class of shares: | holding |
| Ordinary | 100.00 |

| | | |
|--------------------------------|---------------|----------------|
| | 2015 | 2014 |
| | £ | £ |
| Aggregate capital and reserves | 293,379 | 266,739 |
| Profit/(loss) for the year | <u>58,733</u> | <u>(9,558)</u> |

Amazon Filters Sp.z o.o

Country of incorporation: Poland

Nature of business: Manufacture and marketing of engineering products

| | |
|------------------|---------|
| | % |
| Class of shares: | holding |
| Ordinary | 100.00 |

| | |
|--------------------------------|---------------|
| | 2015 |
| | £ |
| Aggregate capital and reserves | 77,345 |
| Profit for the year | <u>25,055</u> |

13. STOCKS

| | Group | | Company | |
|--------|------------------|------------------|------------------|------------------|
| | 2015 | 2014 | 2015 | 2014 |
| | £ | £ | £ | £ |
| Stocks | <u>2,144,859</u> | <u>2,317,776</u> | <u>2,043,822</u> | <u>2,242,797</u> |

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | Group | | Company | |
|------------------------------------|------------------|------------------|------------------|------------------|
| | 2015 | 2014 | 2015 | 2014 |
| | £ | £ | £ | £ |
| Trade debtors | 3,386,391 | 3,154,125 | 3,306,369 | 3,170,235 |
| Amounts owed by group undertakings | - | - | 257,380 | - |
| Other debtors | 13,890 | 200,265 | 7,536 | 191,066 |
| Prepayments and accrued income | 124,651 | 61,087 | 96,929 | 56,147 |
| | <u>3,524,932</u> | <u>3,415,477</u> | <u>3,668,214</u> | <u>3,417,448</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 28 February 2015

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | Group | | Company | |
|---|------------------|------------------|------------------|------------------|
| | 2015 | 2014 | 2015 | 2014 |
| | £ | £ | £ | £ |
| Bank loans and overdrafts (see note 17) | 82,388 | 78,765 | 82,388 | 78,765 |
| Finance leases (see note 18) | 105,288 | 114,221 | 105,288 | 114,221 |
| Trade creditors | 1,070,258 | 1,133,756 | 1,158,666 | 1,130,486 |
| Tax | 336,293 | 332,618 | 336,306 | 332,630 |
| Social security and other taxes | 169,259 | 145,059 | 165,849 | 141,970 |
| VAT | 1,050 | 88,909 | 23,006 | 85,194 |
| Other creditors | 70,277 | 33,515 | 22,995 | 28,486 |
| Directors' current accounts | 24,000 | 21,000 | 24,000 | 21,000 |
| Accrued expenses | 544,583 | 476,362 | 521,729 | 464,713 |
| | <u>2,403,396</u> | <u>2,424,205</u> | <u>2,440,227</u> | <u>2,397,465</u> |

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | Group | | Company | |
|------------------------------|----------------|----------------|----------------|----------------|
| | 2015 | 2014 | 2015 | 2014 |
| | £ | £ | £ | £ |
| Bank loans (see note 17) | - | 163,582 | - | 163,582 |
| Finance leases (see note 18) | 106,816 | 212,105 | 106,816 | 212,105 |
| | <u>106,816</u> | <u>375,687</u> | <u>106,816</u> | <u>375,687</u> |

17. LOANS

An analysis of the maturity of loans is given below:

| | Group | | Company | |
|---|---------------|---------------|----------------|---------------|
| | 2015 | 2014 | 2015 | 2014 |
| | £ | £ | £ | £ |
| Amounts falling due within one year or on demand: | | | | |
| Bank overdrafts | 82,388 | - | 82,388 | - |
| Bank loans | - | 78,765 | - | 78,765 |
| | <u>82,388</u> | <u>78,765</u> | <u>82,388</u> | <u>78,765</u> |
| Amounts falling due between one and two years: | | | | |
| Bank loans - 1-2 years | - | 81,656 | - | 81,656 |
| | <u>-</u> | <u>81,656</u> | <u>-</u> | <u>81,656</u> |
| Amounts falling due between two and five years: | | | | |
| Bank loans - 2-5 years | - | 81,926 | - | 81,926 |
| | <u>-</u> | <u>81,926</u> | <u>-</u> | <u>81,926</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 28 February 2015

18. OBLIGATIONS UNDER LEASING AGREEMENTS

Group

| | Finance leases | |
|------------------------------|----------------|----------------|
| | 2015 | 2014 |
| | £ | £ |
| Gross obligations repayable: | | |
| Within one year | 115,298 | 125,173 |
| Between one and five years | 116,367 | 231,666 |
| | <u>231,665</u> | <u>356,839</u> |
| Finance charges repayable: | | |
| Within one year | 10,010 | 10,952 |
| Between one and five years | 9,551 | 19,561 |
| | <u>19,561</u> | <u>30,513</u> |
| Net obligations repayable: | | |
| Within one year | 105,288 | 114,221 |
| Between one and five years | 106,816 | 212,105 |
| | <u>212,104</u> | <u>326,326</u> |

Company

| | Finance leases | |
|------------------------------|----------------|----------------|
| | 2015 | 2014 |
| | £ | £ |
| Gross obligations repayable: | | |
| Within one year | 115,298 | 125,173 |
| Between one and five years | 116,367 | 231,666 |
| | <u>231,665</u> | <u>356,839</u> |
| Finance charges repayable: | | |
| Within one year | 10,010 | 10,952 |
| Between one and five years | 9,551 | 19,561 |
| | <u>19,561</u> | <u>30,513</u> |
| Net obligations repayable: | | |
| Within one year | 105,288 | 114,221 |
| Between one and five years | 106,816 | 212,105 |
| | <u>212,104</u> | <u>326,326</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 28 February 2015

18. OBLIGATIONS UNDER LEASING AGREEMENTS - continued

The following operating lease payments are committed to be paid within one year:

Company

| | Land and buildings | |
|----------------------------|--------------------|----------------|
| | 2015 | 2014 |
| | £ | £ |
| Expiring: | | |
| Between one and five years | 392,367 | - |
| In more than five years | - | 392,367 |
| | <u>392,367</u> | <u>392,367</u> |

19. SECURED DEBTS

HSBC Bank Plc hold a a secured charge dated 26 January 2012 securing all money and liabilities due to the bank. HSBC Asset Finance (UK) Limited hold a secured charge dated 6 October 2011 securing all monies due to the finance company.

20. PROVISIONS FOR LIABILITIES

| | Group | | Company | |
|--------------|----------------|----------------|----------------|----------------|
| | 2015 | 2014 | 2015 | 2014 |
| | £ | £ | £ | £ |
| Deferred tax | <u>195,000</u> | <u>160,000</u> | <u>195,000</u> | <u>160,000</u> |

Group

| | Deferred tax £ |
|--------------------------------|----------------------|
| Balance at 1 March 2014 | 160,000 |
| Accelerated capital allowances | <u>35,000</u> |
| Balance at 28 February 2015 | <u>195,000</u> |

Company

| | Deferred tax £ |
|--------------------------------|----------------------|
| Balance at 1 March 2014 | 160,000 |
| Accelerated capital allowances | <u>35,000</u> |
| Balance at 28 February 2015 | <u>195,000</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 28 February 2015

21. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

| Number: | Class: | Nominal value: | 2015 £ | 2014 £ |
|---------|--------------|-------------------|--------------|--------------|
| 5,625 | 'A' Ordinary | £1 | 5,625 | 5,625 |
| 375 | 'B' Ordinary | £1 | 375 | 375 |
| 1,500 | 'C' Ordinary | £1 | 1,500 | 1,500 |
| | | | <u>7,500</u> | <u>7,500</u> |

The different classes of shares rank pari passu except for the following condition: The 'B' and 'C' shares are not entitled to receive notice of, attend or vote at any General Meeting of the company. The company, as directed by the directors, can by ordinary resolution differentiate between the different classes as to the amount or percentage of dividend payable. In default they shall rank pari passu.

22. RESERVES

Group

| | Profit and loss account £ | Capital redemption reserve £ | Totals £ |
|------------------------|------------------------------------|---------------------------------------|-------------------|
| At 1 March 2014 | 8,430,232 | 2,500 | 8,432,732 |
| Profit for the year | 3,120,202 | | 3,120,202 |
| Dividends | (855,000) | | (855,000) |
| Foreign exchange gains | 19,936 | - | 19,936 |
| | <u>10,715,370</u> | <u>2,500</u> | <u>10,717,870</u> |
| At 28 February 2015 | | | |

Company

| | Profit and loss account £ | Capital redemption reserve £ | Totals £ |
|---------------------|------------------------------------|---------------------------------------|-------------------|
| At 1 March 2014 | 8,614,474 | 2,500 | 8,616,974 |
| Profit for the year | 3,205,381 | | 3,205,381 |
| Dividends | (855,000) | | (855,000) |
| | <u>10,964,855</u> | <u>2,500</u> | <u>10,967,355</u> |
| At 28 February 2015 | | | |

23. PENSION COMMITMENTS

The company contributes to money purchase schemes. The assets of the schemes are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the funds and amounted to £207,201 (2014 - £180,484). All contributions were paid in the year.

24. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

During the year, dividends of £567,000 were paid to the directors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 28 February 2015

25. ULTIMATE CONTROLLING PARTY

The company was controlled throughout the current and previous year by its directors.

26. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group

| | 2015 | 2014 |
|--|--------------------------|-------------------------|
| | £ | £ |
| Profit for the financial year | 3,120,202 | 2,315,531 |
| Dividends | (855,000) | (591,000) |
| | <hr/> | <hr/> |
| | 2,265,202 | 1,724,531 |
| Other recognised gains and losses relating to the year (net) | 19,936 | 7,134 |
| | <hr/> | <hr/> |
| Net addition to shareholders' funds | 2,285,138 | 1,731,665 |
| Opening shareholders' funds | 8,440,232 | 6,708,567 |
| | <hr/> | <hr/> |
| Closing shareholders' funds | <u><u>10,725,370</u></u> | <u><u>8,440,232</u></u> |

Company

| | 2015 | 2014 |
|--|--------------------------|-------------------------|
| | £ | £ |
| Profit for the financial year | 3,205,381 | 2,322,148 |
| Dividends | (855,000) | (591,000) |
| Purchase of own shares | | |
| | <hr/> | <hr/> |
| Net addition to shareholders' funds | 2,350,381 | 1,731,148 |
| Opening shareholders' funds | 8,624,474 | 6,893,326 |
| | <hr/> | <hr/> |
| Closing shareholders' funds | <u><u>10,974,855</u></u> | <u><u>8,624,474</u></u> |