

# REGISTRAR

Registered number: 02524269

**FILTRATION CONTROL LTD**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2019**

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## **FILTRATION CONTROL LTD**

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### **COMPANY INFORMATION**

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#### **Directors**

P Hudson  
J Pearman  
S Trewin  
A Hughes  
J Hudson  
M Byrne

#### **Registered number**

02524269

#### **Registered office**

9 Sketty Close  
Brackmills Industrial Estate  
Northampton  
NN4 7PL

#### **Independent auditor**

MHA MacIntyre Hudson  
Chartered Accountants & Statutory Auditors  
Peterbridge House  
The Lakes  
Northampton  
NN4 7HB

#### **Bankers**

Lloyds Bank Plc  
28 Secklow Gate West  
Milton Keynes  
MK9 3EH

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**FILTRATION CONTROL LTD**

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## FILTRATION CONTROL LTD

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2019

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#### Introduction

The directors present their Strategic report and the financial statements for the year ended 31 March 2019.

#### Business review

The market has remained highly competitive following on from the previous year and throughout 2019. Turnover has remained steady this year, gross margin remained firm despite market pressure.

The directors are satisfied with the performance of the business and continue to look for areas to increase sales and maintain margin.

The directors consider turnover to be the key driver of the business and are pleased that turnover levels have improved compared to prior year having increased by 8.5% from £17,831,756 in 2018 to £19,344,802, also improving the profit level from £510,838 in 2018 to £944,804 in 2019. Net assets have increased this year from £270,611 in 2018 to £577,415 in 2019 after dividends of £638,000 being paid. Turnover increased during the year as a result of organic growth and drove the resultant increases in profit and net assets.

Information regarding dividends can be found in note 12 of the financial statements.

#### Principal risks and uncertainties

The principal financial risks faced by the Company and its objectives and policies in relation to those risks are:-

##### Interest rate risk

The Company's interest rate policy has the objective of minimising net interest expense and protection from material adverse movements in interest rates. The Company's policy is to manage its interest cost by using variable debt, which will fluctuate according to levels of working capital required.

##### Currency risk

The Company faces currency risk on its net assets and earnings since, on translation of business with overseas customers into sterling, currency movements can affect the Company's Balance Sheet and Statement of Income and Retained Earnings. The Company regularly reviews its exposure in the above areas and is satisfied that no significant threat exists.

##### Credit risk

Credit risk is the financial exposure generated by the potential default of third parties in fulfilling their obligations. The company has put in place credit protection insurance to eliminate all material risk of this nature.

##### Competition

The Company operates in a highly competitive market particularly around price and product quality. This results not only in downward pressure on our margins but also in the risk that we will not meet our customers expectations. In order to mitigate this risk our sales team monitor market prices on an ongoing basis. Furthermore, we undertake routine market research to understand our customers expectations and whether their needs are being met.

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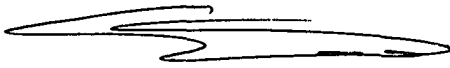
**FILTRATION CONTROL LTD**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2019**

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



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**S Trewin**  
Director

Date: 8 October 2019

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## **FILTRATION CONTROL LTD**

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2019**

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The directors present their report and the financial statements for the year ended 31 March 2019.

#### **Directors' responsibilities statement**

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Results and dividends**

The profit for the year, after taxation, amounted to £944,804 (2018 - £510,838).

Dividends of £638,000 were paid during the year (2018 - £513,537).

#### **Directors**

The directors who served during the year were:

P Hudson  
J Pearman  
S Trewin  
A Hughes  
J Hudson  
M Byrne

#### **Future developments**

The directors intend for the Company to continue its strategy of organic growth.

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**FILTRATION CONTROL LTD**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2019**

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**Disclosure of information to auditor**

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

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

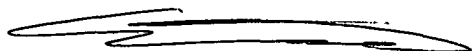
**Post balance sheet events**

There have been no significant events affecting the Company since the year end.

**Auditor**

The auditor, MHA MacIntyre Hudson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



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**S Trewin**  
Director

Date: 8 October 2019

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## **FILTRATION CONTROL LTD**

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### **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF FILTRATION CONTROL LTD**

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#### **Opinion**

We have audited the financial statements of Filtration Control Ltd (the 'Company') for the year ended 31 March 2019, which comprise the Statement of income and retained earnings, the Balance sheet and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2019 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.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.



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**FILTRATION CONTROL LTD**

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**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF FILTRATION CONTROL LTD  
(CONTINUED)**

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**Other information**

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

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## FILTRATION CONTROL LTD

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### INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF FILTRATION CONTROL LTD (CONTINUED)

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#### Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's report.

#### Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Steven Moore BA ACA (Senior Statutory Auditor)

for and on behalf of  
**MHA MacIntyre Hudson**

Chartered Accountants  
Statutory Auditors

Peterbridge House  
The Lakes  
Northampton  
NN4 7HB

Date: 8 October 2019

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**FILTRATION CONTROL LTD**

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**STATEMENT OF INCOME AND RETAINED EARNINGS  
FOR THE YEAR ENDED 31 MARCH 2019**

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	Note	2019 £	2018 £
Turnover	4	19,344,802	17,831,756
Cost of sales		(14,790,225)	(13,853,196)
<b>Gross profit</b>		<b>4,554,577</b>	<b>3,978,560</b>
Distribution costs		(1,136,230)	(1,113,338)
Administrative expenses		(2,052,342)	(2,010,417)
Other operating income	5	36,000	36,000
<b>Operating profit</b>	6	<b>1,402,005</b>	<b>890,805</b>
Interest payable and expenses	10	(223,426)	(302,773)
<b>Profit before tax</b>		<b>1,178,579</b>	<b>588,032</b>
Tax on profit	11	(233,775)	(77,194)
<b>Profit after tax</b>		<b>944,804</b>	<b>510,838</b>
Retained earnings at the beginning of the year		170,611	173,310
Profit for the year		944,804	510,838
Dividends declared and paid	12	(638,000)	(513,537)
<b>Retained earnings at the end of the year</b>		<b>477,415</b>	<b>170,611</b>

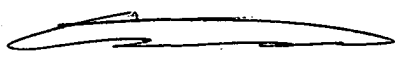
The notes on pages 10 to 24 form part of these financial statements.

**FILTRATION CONTROL LTD**  
**REGISTERED NUMBER: 02524269**

**BALANCE SHEET**  
**AS AT 31 MARCH 2019**

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Tangible assets	13	115,145	67,008
<b>Current assets</b>			
Stocks	14	2,033,108	1,988,787
Debtors	15	6,873,518	7,308,282
Cash at bank and in hand	16	619,674	799,879
		<u>9,526,300</u>	<u>10,096,948</u>
Creditors: amounts falling due within one year	17	(9,055,881)	(9,893,345)
<b>Net current assets</b>		<u>470,419</u>	<u>203,603</u>
<b>Total assets less current liabilities</b>		<u>585,564</u>	<u>270,611</u>
<b>Provisions for liabilities</b>			
Deferred tax	18	(8,149)	-
		<u>(8,149)</u>	<u>-</u>
<b>Net assets</b>		<u><u>577,415</u></u>	<u><u>270,611</u></u>
<b>Capital and reserves</b>			
Called up share capital	19	97,000	97,000
Capital redemption reserve	20	3,000	3,000
Profit and loss account	20	477,415	170,611
		<u>577,415</u>	<u>270,611</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



**S Trewin**  
 Director

Date: 8 October 2019

The notes on pages 10 to 24 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

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**1. General information**

Filtration Control Limited is a private company, limited by shares, registered in England and Wales, registration number 02524269.

The Company's registered office address and principal place of business is 9 Sketty Close, Brackmills Industrial Estate, Northampton, Northants, NN4 7PL.

The principal activity of the Company was the distribution of automotive filters.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

**2.2 Financial reporting standard 102 - reduced disclosure exemptions**

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of FCL Organisation Limited as at 31 March 2019 and these financial statements may be obtained from Companies House.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

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**2. Accounting policies (continued)**

**2.3 Foreign currency translation**

**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

**2.4 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

**Sale of goods**

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**2.5 Operating leases: the Company as lessee**

Rentals paid under operating leases are charged to the Statement of income and retained earnings on a straight line basis over the lease term.

**2.6 Research and development**

Research and development expenditure is written off in the year in which it is incurred.

**2.7 Finance costs**

Finance costs are charged to the Statement of income and retained earnings over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

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**2. Accounting policies (continued)**

**2.8 Borrowing costs**

All borrowing costs are recognised in the Statement of income and retained earnings in the year in which they are incurred.

**2.9 Pensions**

**Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of income and retained earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

**2.10 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of income and retained earnings, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

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**2. Accounting policies (continued)**

**2.11 Intangible assets**

**Goodwill**

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of income and retained earnings over its useful economic life.

**Other intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

**2.12 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, and is provided on the following basis.

Depreciation is provided on the following basis:

Plant and machinery	- Over 10 years
Motor vehicles	- Over 4 years
Fixtures and fittings	- Over 5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of income and retained earnings.

**2.13 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

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**2. Accounting policies (continued)**

**2.14 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**2.15 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**2.16 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**2.17 Invoice factoring**

The Company has entered into an arrangement to factor certain of its trade debtors. The risks and rewards of ownership remain with the Company and therefore amounts advanced are treated as a loan from the factor classified as other creditors, amounts falling due within one year. The liability is a basic financial instrument.

**2.18 Financial instruments**

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of income and retained earnings.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

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**2. Accounting policies (continued)**

**2.18 Financial instruments (continued)**

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

**2.19 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

**3. Judgments in applying accounting policies and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described in note 2, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily separated from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

Key sources of estimates include a stock provision and bad debt provision. Estimates are calculated based on managements best estimate of recoverable amounts.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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**FILTRATION CONTROL LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

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**4. Turnover**

An analysis of turnover by class of business is as follows:

	2019 £	2018 £
Manufacture of foam filters	<b>19,344,802</b>	17,831,756

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	<b>14,810,894</b>	13,377,655
Rest of Europe	<b>3,860,972</b>	3,605,777
Rest of the world	<b>672,936</b>	848,324
	<b>19,344,802</b>	17,831,756

**5. Other operating income**

	2019 £	2018 £
Fees receivable	<b>36,000</b>	36,000

**6. Operating profit**

The operating profit is stated after charging:

	2019 £	2018 £
Research & development charged as an expense	<b>7,822</b>	43,152
Exchange differences	<b>(40,953)</b>	227
Land and building operating lease rentals	<b>302,101</b>	219,125
Other operating lease rentals	<b>169,847</b>	111,415
Depreciation expense	<b>28,785</b>	30,585
Amortisation expense	-	7,389

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**FILTRATION CONTROL LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

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**7. Auditor's remuneration**

	2019 £	2018 £
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	<u>14,700</u>	<u>14,200</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

**8. Employees**

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

	2019 £	2018 £
Wages and salaries	1,630,415	1,539,743
Social security costs	104,802	102,085
Cost of defined contribution scheme	21,583	10,432
	<u>1,756,800</u>	<u>1,652,260</u>

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

	2019 No.	2018 No.
Production staff	43	45
Office and management	35	37
	<u>78</u>	<u>82</u>

**9. Directors' remuneration**

	2019 £	2018 £
Directors' emoluments	<u>78,927</u>	<u>86,094</u>

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**FILTRATION CONTROL LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

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**10. Interest payable and similar expenses**

	2019 £	2018 £
Bank interest payable	49,966	50,086
Other interest payable	173,460	252,687
	<u>223,426</u>	<u>302,773</u>

**11. Taxation**

	2019 £	2018 £
<b>Corporation tax</b>		
Current tax on profits for the year	222,229	108,024
Adjustments in respect of previous periods	119	(18,229)
<b>Total current tax</b>	<u>222,348</u>	<u>89,795</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	11,427	(12,601)
<b>Total deferred tax</b>	<u>11,427</u>	<u>(12,601)</u>
<b>Taxation on profit on ordinary activities</b>	<u>233,775</u>	<u>77,194</u>

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**FILTRATION CONTROL LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

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**11. Taxation (continued)****Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2018 - lower than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	<u>1,178,579</u>	<u>588,032</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	<b>223,930</b>	111,726
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	<b>24,017</b>	5,298
Adjustments to tax charge in respect of prior periods	<b>119</b>	(29,347)
Short term timing difference leading to an increase (decrease) in taxation	<b>174</b>	175
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	-	(10,658)
Group relief	<b>(14,465)</b>	-
<b>Total tax charge for the year</b>	<u><b>233,775</b></u>	<u><b>77,194</b></u>

**Factors that may affect future tax charges**

The main rate of corporation tax reduced from 1 April 2017 to 19% and will reduce to 17% from April 2020 (a change which was substantively executed as of 15 September 2016 as part of the Finance Act 2016).

**12. Dividends**

	2019 £	2018 £
Dividends on Ordinary shares	<b>638,000</b>	513,537
	<u><b>638,000</b></u>	<u><b>513,537</b></u>

# FILTRATION CONTROL LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

### 13. Tangible fixed assets

	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
<b>Cost</b>				
At 1 April 2018	439,673	103,295	656,909	1,199,877
Additions	709	667	75,793	77,169
Disposals	-	(317)	(5,161)	(5,478)
At 31 March 2019	440,382	103,645	727,541	1,271,568
<b>Depreciation</b>				
At 1 April 2018	384,877	102,996	644,996	1,132,869
Charge for the year on owned assets	14,690	719	13,376	28,785
Disposals	-	(70)	(5,161)	(5,231)
At 31 March 2019	399,567	103,645	653,211	1,156,423
<b>Net book value</b>				
At 31 March 2019	40,815	-	74,330	115,145
At 31 March 2018	54,796	299	11,913	67,008

### 14. Stocks

	2019 £	2018 £
Finished goods and goods for resale	2,033,108	1,988,787

Stock recognised in cost of sales during the year as an expense was £13,812,886 (2018 - £12,968,963) .

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**FILTRATION CONTROL LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

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**15. Debtors**

	2019 £	2018 £
Trade debtors	3,750,091	3,557,051
Amounts owed by group undertakings	2,360,492	2,929,175
Other debtors	9,900	14,465
Prepayments and accrued income	753,035	804,313
Deferred taxation	-	3,278
	<u>6,873,518</u>	<u>7,308,282</u>

**16. Cash and cash equivalents**

	2019 £	2018 £
Cash at bank and in hand	619,674	799,879
Less: bank overdrafts	(32,363)	(174,445)
	<u>587,311</u>	<u>625,434</u>

**17. Creditors: Amounts falling due within one year**

	2019 £	2018 £
Bank overdrafts	32,363	174,445
Trade creditors	3,961,927	3,892,541
Amounts owed to group undertakings	2,007,558	2,453,708
Corporation tax	152,229	58,024
Other taxation and social security	363,362	229,958
Other creditors	1,789,151	2,197,568
Accruals and deferred income	749,291	887,101
	<u>9,055,881</u>	<u>9,893,345</u>

The Company has bank facilities in place which are secured by a standard debenture and are subject to set off arrangements for compensating balances. The Company's bankers hold an Omnibus Guarantee and set-off agreement.

Other creditors includes £1,788,241 (2018 - £2,194,950) in respect of secured factoring company advances. Under the factoring agreement there is recourse to the seller and therefore separate presentation has been applied. These are secured on the Company's book debts.



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**FILTRATION CONTROL LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

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**18. Deferred taxation**

	2019 £	2018 £
At beginning of year	3,278	(9,323)
Charged to profit or loss	(11,427)	12,601
<b>At end of year</b>	<b>(8,149)</b>	<b>3,278</b>

The deferred taxation balance is made up as follows:

	2019 £	2018 £
Decelerated/(accelerated) capital allowances	(8,607)	1,376
Provisions carried forward	458	1,902
	<b>(8,149)</b>	<b>3,278</b>

**19. Share capital**

	2019 £	2018 £
<b>Allotted, called up and fully paid</b>		
15,000 (2018 - 15,000) Ordinary A shares of £1.00 each	15,000	15,000
20,500 (2018 - 20,500) Ordinary B shares of £1.00 each	20,500	20,500
15,000 (2018 - 15,000) Ordinary C shares of £1.00 each	15,000	15,000
46,500 (2018 - 46,500) Ordinary D shares of £1.00 each	46,500	46,500
	<b>97,000</b>	<b>97,000</b>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

**20. Reserves****Capital redemption reserve**

Represents the nominal value of shares repurchased by the Company.

**Profit and loss account**

The profit and loss account reserve includes all current and prior period retained profits and losses.

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**FILTRATION CONTROL LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

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**21. Contingent liabilities**

The Company has given an unlimited debenture in respect of all banking facilities, both present and future by way of an Omnibus Guarantee and set-off Agreement with FCL Organisation Limited and Filtration Control Solutions Limited. At 31 March 2019 this amounted to £2,464,082 (2018 - £3,110,201).

**22. Pension commitments**

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £21,583 (2018 - £10,432). Contributions totalling £880 (2018 - £2,371) were payable to the fund at the balance sheet date.

**23. Commitments under operating leases**

At 31 March 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
<b>Land and buildings</b>		
Not later than 1 year	235,040	254,854
Later than 1 year and not later than 5 years	940,160	300,000
Later than 5 years	852,953	175,000
	<u>2,028,153</u>	<u>729,854</u>
	2019 £	2018 £
<b>Other</b>		
Not later than 1 year	143,621	134,739
Later than 1 year and not later than 5 years	104,849	100,308
	<u>248,470</u>	<u>235,047</u>

**NOTES TO THE FINANCIAL STATEMENTS  
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**24. Related party transactions**

The Company has taken advantage of the exemptions from disclosure of certain inter-group transactions conferred in Financial Reporting Standard 102. Those not eligible for such exemptions are given below.

During the year the Company made sales of £171,459 (2018 - £217,722) to Filtration Control Solutions Limited, a fellow subsidiary, as well as management charges of £36,000 (2018 - £36,000). The Company also purchased goods from Filtration Control Solutions Limited of £425,669 (2018 - £386,675).

At the Balance Sheet date £19,736 (2018 - £35,789) was due from Filtration Control Solutions Limited and £55,605 (2018 - £38,357) was owed to Filtration Control Solutions Limited in respect of trading transactions.

At the Balance Sheet date the Company owed £1,954,223 (2018 - £2,354,914) to Filtration Control Solutions Limited. The loan is repayable within 3 months of the serving of notice. Interest accrues on the loan at 12% per annum, giving a charge of £173,460 (2018 - £252,687) for the year.

The Company has given a corporate guarantee in respect of joint invoice finance facilities held with Filtration Control Solutions Limited of up to £1,500,000

**25. Controlling party**

The directors consider there to be no ultimate controlling party.

The largest and smallest group of undertakings for which group financial statements have been drawn up is that headed by FCL Organisation Limited. Copies of the group financial statements can be obtained at the ultimate parent undertaking's registered address; Unit B / C Longman Court, 8 Sketty Close, Brackmills Industrial Estate, NN4 7PL.