Silentbloc UK Limited

Annual report and financial statements

Registered number 03471683

For the year ended 30 September 2015

Contents

Company information

Directors	T D Pryce S P Comer
Secretary	S P Comer
Auditor	KPMG LLP St Nicholas House Park Row Nottingham NG1 6FQ
Bankers	Lloyds Bank plc Colmore Row Birmingham West Midlands B3 3SQ
Registered office	Victoria Works Thrumpton Lane Retford Nottinghamshire DN22 6HH
Registered number	03471683

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 September 2015.

Principal activity

The principal activity of the company during the year was that of the design, manufacture and distribution of highly engineered polymer products, trading under the brand name Silentbloc. There were no significant changes in the principal activities of the company in the year under review.

Results

The profit of the company for the period after taxation amounted to £557,000 *(2014: £669,000)*. The directors do not recommend the payment of a dividend.

Directors

The directors who held office during the year and up to the date of this report were as follows:

T D Pryce	
S R Finn	- resigned 13 April 2016
S P Comer	- appointed 1 March 2016

Disclosure of information to the auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

S P Comer
Secretary

Registered office:

Victoria Works
Thrumpton Lane
Retford
Nottinghamshire
DN22 6HH

Dated: 28th April 2016

Strategic report

Business review

The results for the year are set out in the attached financial statements. The directors consider the results to be satisfactory as the business achieved a 7% increase in sales but an 10% decrease in operating profit before exceptional items.

As a result of these activities 100% of sales from Silentbloc UK Limited are now vibration control products, serving three clear market sectors with over 59% into the rail market *(2014: 57%)*.

Financial performance for the year was boosted by the recovery in the global off-highway vehicle sector and the UK rail refurbishment markets. As shown in the profit and loss account on page 7, turnover increased by 7% and was in line with management's expectations. This delivered an EBITDA before exceptional items of £946,000 (operating profit, adding back amortisation, depreciation and exluding exceptional items), a 10% decrease over the prior year, and an operating profit before exceptional items of £775,000, a 10% decrease over the prior year.

The company has continued to capitalise on its reputation as well as the many material, product and customer approvals it holds, and operates in the following defined markets of:

- Transportation – Rail, Off-highway and Commercial Vehicles
- Aerospace
- Industrial

Of current year sales 23% *(2014: 19%)* are represented by products introduced within the last three years. This pattern is expected to continue as the company continues to develop new products to meet the changing demands of its customers and expanding markets. The company has a strong global presence with 36% of total turnover by value from export markets *(2014: 38%)*, with a further 6% *(2014: 8%)* of products having an export end-user.

The company continued to invest in its structure to deliver growth in the near term and strategically in research and technology through relationships with academia enhancing its long term growth prospects. During the year, £180,000 *(2014: £151,000)* was invested in engineering and R&D ('Research & Development') and 65% *(2014: 58%)* of capital expenditure was related to growth activity.

The balance sheet on page 8 of the financial statements shows the company's financial position at the year end.

There have been no significant events since the balance sheet date which should be considered for a proper understanding of these financial statements.

The basic KPI's ('Key Performance Indicators') upon which the company bases financial evaluations are gross profit and operating profit. The company operates sophisticated operational and commercial non-financial KPI's covering all areas of business and used by all management levels.

Principal risks and uncertainties

The company has a global reach, through both its customer and supplier bases and therefore operates in several currencies. The company manages any exposure from currency movements with forward foreign exchange contracts.

The company's businesses may be affected by fluctuations in the price and supply of key raw materials, although purchasing policies and practices seek to mitigate, where practicable, such risks.

Environment

The company recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to mitigate any adverse impact that might be caused by its activities. Initiatives aimed at minimising the company's impact on the environment include safe disposal of manufacturing waste, recycling and reducing energy consumption.

Strategic report *(continued)*

Research and development

During the period, the company has maintained its strong emphasis on research and development and the creation of new products through the use of technologies. Activities consisted of its own technical personnel working with the technical functions within established and potential customers, academic institutions and external development providers that can lead to the enhancement of existing products and the development of innovative new product solutions.

Employees

Details of the number of employees and related costs can be found in note 4 to the financial statements.

Applications for employment by disabled persons are considered fully, bearing in mind the aptitudes of the applicants concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with those of other employees.

The company participates in policies and practices to keep employees informed on matters relevant to them as employees through appropriate means, such as employee meetings and newsletters.

By order of the board

S P Comer
Secretary

Registered office:

Victoria Works
Thrumpton Lane
Retford
Nottinghamshire
DN22 6HH

Dated: 28th April 2016

Statement of directors' responsibilities in respect of the directors' report, the strategic report and the financial statements

The directors are responsible for preparing the Directors' Report, the Strategic 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

KPMG

Independent auditor's report to the members of Silentbloc UK Limited

We have audited the financial statements of Silentbloc UK Limited for the year ended 30 September 2015 set out on pages 7 to 16. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' and Strategic Reports for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Colin Brearley *(Senior Statutory Auditor)*

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

St Nicholas House
Park Row
Nottingham
NG1 6FQ

Dated: 11 May 2016

Profit and loss account
for the year ended 30 September 2015

		2015			2014		
	Note	**Ordinary activities before exceptional items £000**	**Exceptional items (note 5) £000**	**Total £000**	Ordinary activities before exceptional items £000	Exceptional items (note 5) £000	Total £000
Turnover	2	**8,286**	-	**8,286**	7,730	-	7,730
Cost of sales	5	**(6,707)**	-	**(6,707)**	(6,067)	(87)	(6,154)
Gross profit		**1,579**	-	**1,579**	1,663	(87)	1,576
Distribution costs		**(504)**	-	**(504)**	(435)	-	(435)
Administrative expenses		**(300)**	**(115)**	**(415)**	(369)	-	(369)
Operating profit	3	**775**	**(115)**	**660**	859	(87)	772
Interest receivable and similar income	6	**1**	-	**1**	-	-	-
Interest payable and similar charges	7	**(1)**	-	**(1)**	-	-	-
Profit on ordinary activities before taxation		**775**	**(115)**	**660**	859	(87)	772
Tax on profit on ordinary activities	8			**(103)**			(103)
Profit on ordinary activities after taxation				**557**			669

There were no recognised gains or losses in either the current or preceding period other than those disclosed in the profit and loss account.

There is no material difference between the results for the period as disclosed above and the result under the unmodified historical cost basis.

In the current period there were no material acquisitions or discontinued operations.

Balance sheet
as at 30 September 2015

	Note	2015 £000	2015 £000	2014 £000	2014 £000
Fixed assets					
Intangible fixed assets	*9*		**50**		51
Tangible fixed assets	*10*		**690**		565
			740		616
Current assets					
Stocks	*11*	**1,048**		685	
Debtors	*12*	**4,709**		3,603	
Cash at bank and in hand		**452**		711	
		6,209		4,999	
Creditors: amounts falling due within one year	*13*	**(4,181)**		(3,414)	
Net current assets			**2,028**		1,585
Total assets less current liabilities			**2,768**		2,201
Provisions for liabilities and charges	*14*		**(10)**		-
Net assets			**2,758**		2,201
Capital and reserves					
Called up share capital	*15*		**1,000**		1,000
Share premium	*16*		**400**		400
Profit and loss account	*16*		**1,358**		801
Shareholders' funds	*17*		**2,758**		2,201

These financial statements were approved by the board of directors on 28 April 2016 and were signed on its behalf by:

T D Pryce
Director

S P Comer
Director

Company number – 03471683

Notes
(forming part of the financial statements)

1 Principal accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

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

The directors have prepared forecasts including projected cash flows for twelve months from the date of their approval of these financial statements. These forecasts indicate that the company will be able to meet its working capital requirements through its existing bank facilities. Since year end, Lloyds Development Capital Limited extended the repayment date of the parent company's secured loan notes to 30 June 2017, with effect from 31 December 2015. These loan notes bear no financial covenants

Turnover

Turnover is the amount derived from the sale of goods and services falling within the company's ordinary activities excluding trade discounts and sales taxes. Revenue is recognised on dispatch to the customer.

Research and development

Expenditure on research is written off to the profit and loss account in the year in which it is incurred. Development expenditure is capitalised only where there is a clearly defined project, the expenditure is separately identifiable, the outcome of the project can be assessed with reasonable certainty, aggregate costs are expected to be exceeded by related future sales and adequate resources exist to enable the project to be completed.

Deferred taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19 'Deferred taxation'.

Pensions

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

Cash flow statement

The company has taken advantage of the exemption for wholly owned subsidiaries contained in FRS 1 (revised 1996) from preparing a cash flow statement.

Classification of financial instruments issued by the company

Under FRS 25, financial instruments issued by the company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and

b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

Notes *(continued)*

1 Principal accounting policies *(continued)*

***Classification of financial instruments issued by the company** (continued)*

c) To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy. The finance cost on the financial liability component is correspondingly higher over the life of the instrument.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation and any provision for impairment. Freehold land is not depreciated. Depreciation of tangible fixed assets, other than freehold land, is provided on the straight line basis over anticipated useful lives as follows:

Plant, equipment and vehicles - 3 to 13 years

Leases

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

Stocks

Stocks are stated at the lower of cost incurred in bringing each product to its present location and condition and net realisable value, as follows:

Raw materials, consumables and goods for resale	Purchase cost on a first-in, first-out basis
Work in progress and finished goods	Cost of direct materials and labour plus attributable overheads based on a normal level of activity

Net realisable value is based on estimated sales price less any further costs expected to be incurred to completion and disposal.

Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated at the rate ruling at the date of each transaction. Exchange differences arising from day to day business transactions are included in operating results.

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Notes *(continued)*

2 Turnover

The directors have taken advantage of the exemption under paragraph 68(5) Schedule 1 to The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 from disclosure of segmental reporting on the grounds that such disclosure would be prejudicial to the company's interests.

3 Operating profit

		2015	2014
		£000	£000
This is stated after charging/(crediting):			
Depreciation of tangible fixed assets – owned		**154**	175
Amortisation of intangible fixed assets		**17**	15
Operating lease rentals	- land and buildings	**158**	158
	- plant and machinery	**58**	43
Foreign exchange (gains)/losses		**(27)**	26
Auditor's remuneration:			
- audit of these financial statements		**15**	15
- other services relating to taxation		**3**	2

4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	2015	2014
	Number	Number
Production	**61**	48
Sales and distribution	**6**	5
Administration	**1**	-
	68	53

	2015	2014
	£000	£000
Staff costs:		
Wages and salaries	**1,988**	1,418
Social security costs	**170**	137
Pension costs	**45**	36
	2,203	1,591

The directors received their remuneration from other group companies.

Notes *(continued)*

5 Exceptional items

	2015 £000	2014 £000
Production relocation costs	-	87
Reorganisation costs	115	-
	115	87

Production relocation costs are the increased costs of working due to training and production ramp-up following relocation of production of commercial vehicle products.

Reorganisation costs consist mainly of employment, recruitment and redundancy costs relating to changes in the management and organisational structure of the business.

6 Interest receivable and similar income

	2015 £000	2014 £000
Bank credit interest	1	-

7 Interest payable and similar charges

	2015 £000	2014 £000
Bank overdraft interest	1	-

8 Tax on profit on ordinary activities

	2015 £000	2014 £000
UK corporation tax:		
Current tax on profit for the period	89	103
Current tax charge	89	103
Deferred tax		
Origination and reversal of timing differences for the current year (note 14)	14	-
Total tax charge	103	103

Notes *(continued)*

8 Tax on profit on ordinary activities *(continued)*

Factors affecting tax charge for the current period

The current tax charge for the period is lower *(2014: lower)* than the standard rate of corporation tax in the UK of 20.5% *(2014: 22%)*. The differences are explained below:

	2015 £000	2014 £000
Profit on ordinary activities before taxation	**660**	772
Current tax at 20.5% *(2014: 22%)*	**135**	170
Effects of:		
Expenses not deductible for tax purposes	**4**	3
Capital allowances for the period (in excess of)/less than depreciation	**(14)**	1
Research and development tax allowances	**(3)**	(2)
Group relief	**(33)**	(69)
Current tax charge for the period	**89**	103

Factors that may affect future tax charges

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016. These reductions will reduce the company's future current tax charge accordingly. The deferred tax liability at 30 Sepetmber 2015 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

9 Intangible fixed assets

	Development costs £000
Cost:	
At 1 October 2014	80
Additions	16
At 30 September 2015	96
Accumulated amortisation:	
At 1 October 2014	29
Charge for the year	17
At 30 September 2015	46
Net book value:	
At 30 September 2015	**50**
At 30 September 2014	51

Notes *(continued)*

10 Tangible fixed assets

	Plant and equipment £000
Cost:	
At 1 October 2014	5,439
Additions	279
At 30 September 2015	5,718
Accumulated depreciation:	
At 1 October 2014	4,874
Charge for the year	154
At 30 September 2015	5,028
Net book value:	
At 30 September 2015	**690**
At 30 September 2014	565

11 Stocks

	2015 £000	2014 £000
Raw materials and consumables	**620**	497
Work in progress	**68**	149
Finished goods and goods for resale	**360**	39
	1,048	685

12 Debtors

	2015 £000	2014 £000
Trade debtors	**1,688**	1,820
Amounts due from group undertakings	**2,939**	1,695
Prepayments and accrued income	**82**	84
Deferred taxation (note 14)	**-**	4
	4,709	3,603

Notes *(continued)*

13 Creditors: amounts falling due within one year

	2015 £000	2014 £000
Trade creditors	**1,442**	1,372
Amounts due to group undertakings	**2,503**	1,685
Corporation tax	**89**	103
Other taxation and social security	**58**	124
Accruals and deferred income	**89**	130
	4,181	3,414

14 Provisions for liabilities and charges

	Deferred taxation £000
At 1 October 2014	(4)
Charge for the year	14
At 30 September 2015	**10**

The amounts provided for deferred taxation are set out below:

	2015 £000	2014 £000
Accelerated capital allowances	**10**	(4)
Deferred tax provision/(asset) (deferred tax asset note 12)	**10**	(4)

15 Share capital

	2015 £000	2014 £000
Allotted, called up and fully paid:		
1,000,400 ordinary shares of £1 each	**1,000**	1,000

16 Share premium and reserves

	Share premium £000	Profit and loss account £000
At 1 October 2014	400	801
Profit for the year	-	557
At 30 September 2015	**400**	**1,358**

Notes *(continued)*

17 Reconciliation of movements in shareholders' funds

	2015 £000	2014 £000
Opening shareholders' funds	**2,201**	1,532
Profit for the financial year	**557**	669
Closing shareholders' funds	**2,758**	2,201

18 Contingent liabilities

There is a fixed and floating charge over various of the company's assets in respect of loans taken out by its ultimate parent undertaking, with the potential liability at 30 September 2015 being £7,466,000 *(2014: £8,159,000)*.

19 Operating lease commitments

The company has financial commitments in respect of non-cancellable operating leases. The annual commitment under these leases in the next year is as follows:

	Land and buildings		Plant and equipment	
	2015 £000	2014 £000	**2015 £000**	2014 £000
Expiring within one year	-	-	**5**	3
Expiring between two and five years inclusive	**158**	-	**24**	25
Expiring in more than five years	-	158	-	-
	158	158	**29**	28

20 Pension commitments

The company made payments to a defined contribution pension scheme throughout the period. The company's liability to pension costs in respect of service is limited to the value of contributions made which are charged to the profit and loss account in the period in which they fall due.

The pension contributions to the scheme were £45,303 *(2014: £35,609)* of which £3,259 *(2014: £2,530)* was accrued at the year end.

21 Related party disclosures

The company has taken advantage of the exemption in FRS 8 and has not disclosed transactions or balances with entities that are part of the group.

22 Ultimate controlling party

The company's ultimate parent undertaking and controlling party is Icon Polymer Group Limited, and copies of its financial statements can be obtained from Icon Polymer Group Limited, Retford, Nottinghamshire, England, DN22 6HH.