Allied Textiles Limited

Directors' report and consolidated financial statements

Registered number 3941408

31 December 2011

Contents

Directors' report

The directors present their annual report together with the audited accounts for the year ended 31 December 2011

Principal activities

The group is principally engaged in the manufacturing, processing and distribution of textile products

Review of the business and future developments

Group turnover improved to £26 9 million for the 12 month period ended 31 December 2011, an increase of £2 7 million on the £24 2 million achieved in the equivalent period to 31 December 2010 This was despite the prior year including some turnover benefit from the remaining part of the J B Broadley division which was exited in April 2010

An agreement was reached in January 2011 with Vita Industrial Polymers Ltd (a subsidiary of The Vita Group) to supply the Vitapruf customer base, following their decision to exit direct coating operations This deal, together with continued improvement in key markets, delivered the significant improvement in turnover

During 2010, dramatic increases in raw material prices, particularly in chemicals, left the group with no choice but to pass on significant increases in selling prices However, margins suffered as these increased costs took time to pass through to end customers Thankfully, margins in 2011 improved as cost prices were more stable, albeit at higher levels Net margins were also improved by significant efforts in 2009 and 2010 to reduce the operational cost base, largely through reductions in headcount

Whilst 2011 saw some benefit from the efforts to consolidate the group's coating operations, we continued to incur excess cost in this exercise in the early part of the year (largely as a result of absorbing the Vitapruf customer base) The full year effects of this exercise will therefore only be felt in 2012

This turnover growth and margin improvement resulted in an operating profit of £0 6 million compared to an operating loss of £0 6 million in the previous year Despite continuing uncertainty in the general economic environment, the group has continued to see performance improve since the year end

On 26 August 2011 the group sold Texas Coating Developments, a small non-core operation which generated cash proceeds of £0 1 million (a loss on disposal of £0 1 million was recorded)

In November 2011, the group successfully refinanced its banking facilities with a new partner – delivering both savings in interest rates and improved facilities

The group reached agreement during the year with the remaining active members to close the remaining defined benefit pension schemes to future accrual of benefits

Despite persistent uncertainty in the general economic outlook, the group believes that it is well placed to service its core markets and should continue to benefit from a more efficient cost base

Key performance indicators

The group has a number of key performance indicators, both financial and non-financial, that are used to manage the business

	2011	2010	
Return on capital employed (pre-exceptional)	**20.0%**	9 5%	(EBITDA/Shareholders' funds)
Debtors days	**57**	59	(Trade debtors/Turnover)
Stock turn	**101**	102	(Stock/Cost of sales)
Reportable accidents per employee	**1.7%**	1 0%	(Reportable accidents/Average employees)

Directors' report *(continued)*

Results and dividends

The profit for the year ended 31 December 2011 amounted to £0 1million *(2010 loss £0 3 million)* The directors did not pay an interim dividend during the year *(2010 £nil)* and do not recommend the payment of a final dividend *(2010 £nil)*

Executive directors

SR McGuffie
JR Reed
J Grace
M B Haigh (appointed 1 January 2011)

Non-executive directors

C Edge

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned They are eligible for promotion and within the limits of their disabilities are given equal consideration with other applicants It is the group's policy to continue to employ any persons who become disabled whilst in the group's employment

Employee involvement

The group is committed to the development of employee consultation so that the views of the employees can be taken into account when making decisions which are likely to affect their interests

Political and charitable donations

No contributions were made by the group during the year for political purposes Donations amounting to £1,000 *(2010 £1,000)* were made for charitable purposes

Disclosure of information to 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

In accordance with Section 487 of the Companies Act 2006, a resolution for the re-appointment of KPMG LLP as auditor of the Company is to be proposed at the forthcoming Annual General Meeting

By order of the board

J Grace
Secretary

First Floor
5 Morston Claycliffe Office Park
Whaley Road
Barnsley
South Yorkshire
S75 1HQ

23 August 2012

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law they have elected to prepare the group and parent company 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 group and parent company and of their profit or loss for that period In preparing each of the group and parent company 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its 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 group and to prevent and detect fraud and other irregularities

KPMG

KPMG LLP
1 The Embankment
Neville Street
Leeds
LS1 4DW
United Kingdom

Independent auditor's report to the members of Allied Textiles Limited

We have audited the financial statements of Allied Textiles Limited for the year ended 31 December 2011 set out on pages 6 to 35 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 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB'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 APB's web-site at www frc org uk/apb/scope/private cfm

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2011 and of the group's 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

Independent auditor's report to the members of Allied Textiles Limited *(continued)*

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

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

David Morritt

David Morritt (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
1 The Embankment
Neville Street
Leeds
LS1 4DW

23 August 2012

Consolidated profit and loss account

Year ended 31 December 2011

	Notes	2011 £m	2010 £m
Turnover	*2*	**26.9**	24 2
Cost of sales		**(22 0)**	(20 2)
Gross profit		**4 9**	4 0
Distribution costs		**(1.6)**	(1 3)
Administrative expenses		**(2.7)**	(3 3)
Exceptional, depreciation and amortisation costs included in operating profit/(loss)			
- exceptional costs – redundancy	*3*	**(0.1)**	(0 4)
- exceptional costs – re-organisation	*3*	**(0.1)**	(0 1)
- exceptional costs – royalties	*3*	**(0 1)**	-
- curtailment gain on pension scheme	*22*	**0.3**	-
- reduction in recognised surplus due to curtailment	*22*	**(0.3)**	-
- depreciation costs	*3*	**(0.8)**	(0 9)
- amortisation costs	*3*	**(0.3)**	(0 3)
Operating profit before exceptional, depreciation and amortisation costs		**2.0**	1 1
Group operating profit / (loss)	*3-5*	**0.6**	(0 6)
Profit on sale of fixed assets		**-**	0 5
Profit on disposal of business	*24*	**-**	0 1
Profit on ordinary activities before interest		**0 6**	-
Interest	*6*	**(0.2)**	-
Profit on ordinary activities before taxation		**0.4**	-
Tax on profit on ordinary activities	*7*	**(0.3)**	(0 3)
Profit / (loss) for the financial year	*20,21*	**0 1**	(0 3)

A reconciliation of the movement in shareholders' funds is given in note 21

Consolidated statement of total recognised gains and losses
Year ended 31 December 2011

	2011	2010
	£m	£m
Profit / (loss) for the financial year	**0.1**	(0 3)
Currency translation differences on foreign currency investments	-	0 1
Actuarial loss recognised on pension schemes	**(1.1)**	(0 8)
Deferred tax associated with pension schemes	**0.3**	0 3
Fixed revaluation gain	-	2 9
Total recognised gains and losses relating to the year	**(0 7)**	2 2

Note of historical profits and losses
Year ended 31 December 2011

	2011	2010
	£m	£m
Reported profit on ordinary activities before taxation	**0.4**	-
Difference between a historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount	-	-
Historical cost profit on ordinary activities before taxation	**0.4**	-
Historical cost profit after taxation for the financial period	**0 1**	(0 3)

Consolidated balance sheet
as at 31 December 2011

	Note	2011 £m	2010 £m
Fixed assets			
Intangible assets	*9*	**2.0**	2 3
Tangible assets	*10*	**6.4**	6 9
		8.4	9 2
Current assets			
Stocks	*12*	**6.1**	5 6
Debtors	*13*	**4.5**	4 3
Cash at bank and in hand		**0.8**	0 7
		11.4	10 6
Creditors: amounts falling due within one year	*14*	**(7.1)**	(6 3)
Net current assets		**4.3**	4 3
Total assets less current liabilities		**12.7**	13 5
Creditors. amounts falling due after more than one year	*15*	**(3.3)**	(4 0)
Net assets excluding net pension asset		**9.4**	9 5
Net pension asset	*22*	**0.6**	1 2
Net assets including net pension asset		**10.0**	10 7
Capital and reserves			
Called up share capital	*19*	**5.1**	5 1
Share premium account	*20*	**0.9**	0 9
Capital redemption reserve	*20*	**0.1**	0 1
Revaluation reserve	*20*	**2.9**	2 9
Profit and loss account	*20*	**1.0**	1 7
Shareholders' funds	*21*	**10.0**	10 7

These financial statements were approved by the board of directors on 23 August 2012 and were signed on its behalf by

SR McGuffie
Director

J Grace
Director

Company balance sheet
as at 31 December 2011

	Notes	2011 £m	2010 £m
Fixed assets			
Investments	*11*	**106 1**	106 1
Current assets			
Debtors	*13*	**-**	-
Creditors amounts falling due within one year	*14*	**(99.8)**	(98 4)
Net current liabilities		**(99 8)**	(98 4)
Total assets less current liabilities		**6.3**	7 7
Creditors: amounts falling due after more than one year	*15*	**(3.1)**	(3 5)
Net assets		**3.2**	4 2
Capital and reserves			
Called up share capital	*19*	**5.1**	5 1
Share premium account	*20*	**0.9**	0 9
Capital redemption reserve	*20*	**0.1**	0 1
Profit and loss account	*20*	**(2.9)**	(1 9)
Shareholders' funds	*21*	**3.2**	4 2

The financial statements were approved by the board of directors on 23 August 2012 and were signed on its behalf by

SR McGuffie
Director

J Grace
Director

Consolidated cash flow statement

	Notes	2011 £m	2011 £m	2010 £m	2010 £m
Net cash inflow from operating activities	23		1.2		-
Returns on investments and servicing of finance					
Interest paid			(0.4)		(0 3)
Taxation			(0.3)		-
Capital expenditure					
Payments to acquire tangible fixed assets		(0.3)		(0 5)	
Proceeds from sales of tangible fixed assets		-		0 5	
			(0.3)		-
Acquisitions and disposals					
Proceeds from sale of businesses	24	0.2		0 1	
			0 2		0 1
Cash inflow / (outflow) before use of liquid resources and financing			0.4		(0 2)
Financing	25		(1.0)		(1 3)
Decrease in net cash			(0.6)		(1 5)

Reconciliation of net cash flow to movement in net debt

Year ended 31 December 2011

	Notes	2011 £m	2010 £m
Decrease in net cash in the year		(0.6)	(1 5)
Decrease in debt resulting from cash flows		1.0	1 3
Change in net debt		0.4	(0 2)
Net debt at start of year		(5.7)	(5 5)
Net debt at end of year	26	(5.3)	(5 7)

Notes to the financial statements
(forming part of the financial statements)

1 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

These financial statements are prepared in accordance with applicable accounting standards and the following accounting policies have been followed consistently in dealing with items which are considered material in relation to the group's financial statements

Going concern

The financial statements have been prepared on a going concern basis The Group has net assets of £10 0 million *(2010 £10 7 million)*, and net current assets of £4 3 million *(2010 £4 3 million)* The directors believe the going concern basis to be appropriate following a review of the Group's working capital requirements and cash position, and following an analysis of the banking covenants ruling the Group's loans

Consolidation and goodwill

The consolidated financial statements incorporate the financial statements of the company and all its subsidiary undertakings ("subsidiaries") All financial statements are made up to 31 December 2011

The acquisition method of accounting has been adopted Under this method, the results of the subsidiary undertaking acquired or disposed of in the year are included in the consolidated profit and loss from the date of acquisition or up to the date of disposal At the date of acquisition of a business, fair values are attributed to the net assets acquired Goodwill is capitalised and written off to the profit and loss account over a period appropriate to each investment but no more than 20 years in accordance with Financial Reporting Standard 10

Under section 408 of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account

Turnover

Turnover is the aggregate invoiced value of sales and services, excluding value added tax and intra-group transactions, and is shown net of returns and allowances

Stocks

Stocks are valued at cost or, if lower, at net realisable value Cost comprises raw materials, direct labour and, where appropriate, includes a proportion of production overheads

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation less accumulated depreciation

Depreciation is provided to write off the cost less estimated residual value of tangible fixed assets by equal instalments over their anticipated useful lives at the following annual rates

Freehold buildings/Leasehold property	2%
Plant and machinery	10-33⅓ %

No depreciation is provided on freehold land

A policy of revaluation exists for freehold and long leasehold land and buildings Valuations are performed by external valuation specialists

The surplus or deficit on book value is transferred to the revaluation reserve Where a deficit or impairment is in excess of any previously recognised surplus over historical cost, the deficit or impairment is deducted from any aggregate surplus relating to land and buildings of the same type Where there is no such surplus or if the carrying value may not be recoverable, and the deficit or impairment is deemed permanent, it is charged to the profit and loss account

Notes *(continued)*

1 Accounting policies *(continued)*

Investments in subsidiaries

Investments in subsidiaries are stated at cost less provision for any impairment in value

Investment properties

Investment properties are stated at their fair values at the balance sheet date based upon an independent valuation Gains or losses arising from changes in the fair values of investment properties are included in the statement of total recognised gains and losses in the period in which they arise

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing difference 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 FRS19

Leased assets

Tangible fixed assets operated under the terms of finance leases are capitalised at a value equal to the cost incurred in acquiring the relevant assets and depreciated in the same manner as owned assets or over the term of the lease if shorter Finance charges are charged to the profit and loss account over the period of the lease Payments made under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease

Post retirement benefits

The Group operates a group personal pension plan The assets of the plan are held separately from those of the Group in an independently administered fund The amount charged to the profit and loss account represents the contributions payable to the plan in respect of the accounting year

The Group also operates a number of pension schemes providing benefits based on final pensionable pay The assets of these schemes are held separately from those of the Group

Pension scheme assets are measured using market values Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full The movement in the scheme surplus/deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses

Foreign currency

All assets and liabilities denominated in foreign currencies are translated into sterling at the rates ruling on the balance sheet date The income and cash flow statements of overseas undertaking are translated at the average rates of exchange for the relevant accounting periods Gains or losses arising on the translation of the financial statements of foreign subsidiaries are taken to reserves Other exchange gains and losses are dealt with in the group profit and loss account

Cash and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand

Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market Liquid resources comprise investments in money market managed funds, and are stated at the lower of cost or market value

Notes *(continued)*

1 Accounting policies *(continued)*

Classification of financial instruments issued by the company

Following the adoption of 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

- 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
- Where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that included 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

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

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 are dealt with as appropriations in the reconciliation of movements in shareholders' funds

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

2 Segmental analysis

	2011	2010
	£m	£m
Geographical analysis of turnover by market		
UK	**17.3**	15 7
Other EU	**6.8**	6 4
North America	**2 0**	1 7
Other areas	**0.8**	0 4
	26.9	24 2

Analysis of turnover by business activity	**2011** **£m**	2010 £m
Synthetic Fibres	**26 9**	24 2

Notes *(continued)*

3 Operating profit / (loss)

	2011 £m	2010 £m
Operating profit / (loss) is stated after charging/(crediting)		
Depreciation and other amounts written off tangible fixed assets	**0.8**	0 9
Goodwill amortisation	**0 3**	0 3
Operating lease payments – rental land & buildings	**0.1**	0 1
Curtailment gain on pension scheme	**(0.3)**	-
Reduction in recognised surplus due to curtailment	**0.3**	-
Royalties	**0.1**	-
Reorganisation costs	**0.1**	0 1
Redundancy costs	**0 1**	0 4

Auditor's remuneration

	2011 £m	2010 £m
Audit	**0.1**	0 1
Fees receivable by the auditor and their associates in respect of other services	**0.1**	-

The company audit fee was £3,000 *(2010 £3,000)*

4 Directors and employees

	2011 £m	2010 £m
Staff costs (including directors)		
Wages and salaries	**6.4**	6 5
Social security costs	**0.6**	0 6
Other pension costs	**0.2**	0 2
	7.2	7 3

The average number of employees (including directors), principally in textile manufacturing, was 290 *(2010 288)*

Notes *(continued)*

5 Directors' remuneration

	2011 £000	2010 £000
Directors' emoluments	**488**	422
Pension contributions	**98**	23
	586	445

	2011 £000	2010 £000
Highest paid director		
Directors' emoluments	**205**	201
Pension contributions	**35**	16
	240	217

Four directors had benefits accruing under individual defined contribution pension arrangements *(2010 two)* No director had benefits accruing under a defined benefit scheme (2010 one)

6 Interest

	2011 £m	2010 £m
Interest payable and similar charges on bank loans and overdrafts	**(0.4)**	(0 3)
Other finance income – FRS 17	**0.2**	0 3
	(0.2)	-

7 Taxation

Analysis of charge in year	2011 £m	2010 £m
Corporation tax		
Current tax on income for the year	**0.2**	0 2
Total current tax	**0.2**	0 2
Deferred tax		
Origination and reversal of timing differences	**0.1**	0 1
Tax charge on profit on ordinary activities	**0.3**	0 3

Notes *(continued)*

7 Taxation *(continued)*

Factors affecting the tax charge for the current year

The current tax charge for the year is higher than *(2010 higher than)* the standard rate of corporation tax in the UK of 26 49%, (2010 28%) The differences are explained below

	2011 £m	2010 £m
Current tax reconciliation		
Profit on ordinary activities before tax	**0.4**	-
Current tax at 26 49% *(2010 28%)*	**0.1**	-
Effects of		
Expenses not deductible for tax purposes	**0.1**	0 2
Movement in fixed asset timing differences not recognised	**(0 1)**	-
Movement regarding FRS 17	**(0.1)**	(0 1)
Losses available to carry forward	**0.2**	0 1
Total current tax charge (see above)	**0 2**	0 2

The 2012 Budget on 23 March 2012 announced that the UK corporation tax rate will reduce to 22% by 2014 A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 17 July 2012 respectively

This will reduce the company's future current tax charge accordingly and further reduce the deferred tax balance at 31 December 2011 (which has been calculated based on the rate of 25% substantively enacted at the balance sheet date) accordingly It has not yet been possible to quantify the full anticipated effect of this change or the announced further 1% rate reduction

8 Loss for the financial year

Under the provisions of Section 408 of the Companies Act 2006, the company has not produced its own profit and loss account The loss of the company dealt with in the consolidated profit and loss account amounted to £999,000 *(2010 £2,763,000)* and has been transferred to reserves as shown in note 20

9 Intangible fixed assets

Group	**Goodwill £m**
Cost	
At 1 January 2011 and 31 December 2011	5 2
Amortisation	
At 1 January 2011	2 9
Provided during the year	0 3
At 31 December 2011	3 2
Net book value at 31 December 2011	**2.0**
Net book value at 31 December 2010	2 3

Notes *(continued)*

10 Tangible fixed assets

Group	Freehold land and buildings £m	Long leasehold buildings £m	Plant and machinery £m	Investment properties £m	Total £m
Cost					
At 1 January 2011	3 9	0 5	15 0	0 6	20 0
Additions	-	-	0 3	-	0 3
Disposals	-	-	(0 2)	-	(0 2)
At 31 December 2011	3 9	0 5	15 1	0 6	20 1
Depreciation					
At 1 January 2011	-	-	13 1	-	13 1
Charge for the year	0 1	-	0 7	-	0 8
Disposals	-	-	(0 2)	-	(0 2)
At 31 December 2011	0 1	-	13 6	-	13 7
Net book value					
At 31 December 2011	**3.8**	**0.5**	**1.5**	**0.6**	**6 4**
At 31 December 2010	3 9	0 5	1 9	0 6	6 9

A policy of revaluation exists for freehold and long leasehold land and building The last full valuation was performed by CB Richard Ellis (at 31 December 2010) The directors are not aware of any material change in value and therefore the valuations set out above have not been updated

Land, being held for long term capital appreciation, is recognised as an investment property at a value of £0 6m The last full valuation was performed by CB Richard Ellis (at 31 December 2010) The directors are not aware of any material change in value and therefore the valuations set out above have not been updated

11 Fixed asset investments

Company	Shares in subsidiary undertakings £m
Cost	
At 1 January 2011 and 31 December 2011	**106.1**

Allied Textiles Limited owned 100%, either directly or via a subsidiary undertaking, of the ordinary shares of the following principal subsidiary undertakings

Subsidiary	Country of incorporation	Activity
Allied Textile Companies Limited	Great Britain	Holding company
ATC Manufacturing Limited*	Great Britain	Manufacturer and processor of textile products
Allied Textile Co BV	Holland	Holding company
Mayfield Warping Inc	Canada	Processor of synthetic yarns

* sub-subsidiary

Notes *(continued)*

12 Stocks

	Group	
	2011	2010
	£m	£m
Raw materials and consumables	**2.1**	2 4
Work in progress	**0.9**	0 8
Finished goods	**3.1**	2 4
	6.1	5 6

13 Debtors

	Group		Company	
	2011	2010	**2011**	2010
	£m	£m	**£m**	£m
Trade debtors	**4.2**	4 0	-	-
Prepayments and accrued income	**0.3**	0 3	-	-
	4.5	4 3	-	-

14 Creditors: amounts falling due within one year

	Group		Company	
	2011	2010	**2011**	2010
	£m	£m	**£m**	£m
Bank loans (see note 16)	**0.6**	0 9	**0.3**	0 4
Other bank facility	**2 2**	1 5	-	-
Bank overdrafts	-	-	**0.1**	0 1
Trade creditors	**1.4**	1 3	-	-
Amounts owed to group undertakings	-	-	**99.1**	97 8
Corporation tax	**0.1**	0 2	-	-
Other taxes and social security	**0.5**	0 5	-	-
Accruals and deferred income	**2.3**	1 9	**0.3**	0 1
	7.1	6 3	**99.8**	98 4

Bank loans and other bank facilities are secured by way of fixed and floating charges over the assets of group companies

All of the borrowings are denominated in Sterling and have interest rate terms ranging from 1 5% to 2 0% above base rate and 2 25% above LIBOR.

Notes *(continued)*

15 Creditors: amounts falling due after more than one year

	Group		Company	
	2011	2010	**2011**	2010
	£m	£m	**£m**	£m
Bank loans (see note 16)	**3.3**	4 0	**3.1**	3 5

Bank loans are secured by way of fixed and floating charges over the assets of group companies

16 Loans

	Group		Company	
	2011	2010	**2011**	2010
	£m	£m	**£m**	£m
Due within one year	**0.6**	0 9	**0.3**	0 4
Amount due between one and two years	**0.5**	0 7	**0.4**	0 4
Amounts due between two and five years	**2 9**	1 4	**2.8**	1 2
Amounts due in more than five years	**-**	2 0	**-**	2 0
	4.0	5 0	**3.5**	4 0
Less issue costs	**(0.1)**	(0 1)	**(0.1)**	(0 1)
	3.9	4 9	**3 4**	3 9
Analysed as				
Creditors amounts falling due within one year				
Bank loans (see note 14)	**0.6**	0 9	**0.3**	0 4
Creditors amounts falling due after more than one year (see note 15)	**3 3**	4 0	**3.1**	3 5
	3.9	4 9	**3.4**	3 9

Notes *(continued)*

17 Provisions for liabilities and charges

Deferred taxation

The elements of deferred taxation are as follows	Group 2011 £m	2010 £m
Difference between accumulated depreciation and amortisation and capital allowances	**(1.3)**	(1 5)
Other timing differences	**(0.5)**	(0 4)
Deferred tax asset - undiscounted provision	**(1.8)**	(1 9)

The deferred tax asset has not been recognised in the accounts, in line with the requirements of FRS 19 'Deferred tax', as its reversal is not certain in the near future

18 Commitments

Capital expenditure of approximately £35,000 *(2010 £22,000)* has been authorised and contracted for at the year end

Annual commitments under non-cancellable operating leases are as follows

	2011 Land and buildings £m	2011 Other £m	2010 Land and buildings £m	2010 Other £m
Operating leases which expire				
Within one year	-	-	-	-
In the second to fifth years inclusive	**0.1**	**0.1**	0 1	-
	0.1	**0.1**	0 1	-

19 Called up share capital

	2011 Number	2011 £m	2010 Number	2010 £m
Allotted, called up and fully paid				
Ordinary shares of £1 each	**115,384**	**0.1**	115,384	0 1
Ordinary 'A' shares of 10p each	**979,650**	**0.1**	979,650	0 1
Preference shares of £1 each	**4,900,000**	**4.9**	4,900,000	4 9
	5,995,034	**5 1**	5,995,034	5 1

For the purpose of rights to dividends or other distributions, return of assets or other reduction in capital, the ordinary shares and ordinary 'A' shares rank pari passu as if they were one class of share and as if each 'A' ordinary share had a nominal value equal to that of each ordinary share Ordinary shares and 'A' ordinary shares carry one vote per share

The preference shares have no right to receive any dividend or other income distribution and have no fixed redemption date On a return of assets on liquidation or capital reduction the assets of the company remaining after the payment of its liabilities shall be applied first in paying to the holder of the preference shares £1 per share

The preference shares do not confer any further right to participation in the profit or assets of the company

The holders of the preference shares shall be entitled to receive notice of all general meetings but shall not by reason of such holding be entitled to attend or vote there at

Notes *(continued)*

20 Reserves

	Capital redemption reserve £m	Revaluation reserve £m	Share premium account £m	Profit and loss account £m	Total £m
Group					
At 1 January 2011	0 1	2 9	0 9	1 7	5 6
Profit for the financial year	-	-	-	0 1	0 1
Actuarial loss recognised in the pension schemes	-	-	-	(1 1)	(1 1)
Deferred tax arising on the pension schemes	-	-	-	0 3	0 3
At 31 December 2011	**0.1**	**2.9**	**0.9**	**1.0**	**4.9**
Company					
At 1 January 2011	0 1	-	0 9	(1 9)	(0 9)
Loss for the financial year	-	-	-	(1 0)	(1 0)
At 31 December 2011	**0.1**	-	**0.9**	**(2.9)**	**(1.9)**

21 Reconciliations of movements in shareholders' funds

	Group		Company	
	2011 £m	2010 £m	**2011 £m**	2010 £m
Opening shareholders' funds	**10.7**	8 5	**4.2**	7 0
Profit / (loss) for the financial year	**0.1**	(0 3)	**(1.0)**	(2 8)
Currency translation differences	-	0 1	-	-
Actuarial loss recognised in the pension schemes	**(1.1)**	(0 8)	-	-
Deferred tax arising on the pension schemes	**0.3**	0 3	-	-
Revaluation gains	-	2 9	-	-
Closing shareholders' funds	**10.0**	10 7	**3.2**	4 2

Notes *(continued)*

22 Pension costs

The group operates pension schemes for its employees of both the defined benefit and group personal pension scheme types The schemes are managed independently and funded to cover future pension liabilities (including expected future earnings and pension increases) in respect of service up to the balance sheet date They are subject to independent valuations at least every three years on the basis of which the qualified actuary certifies the rates of the employer's contributions

In response to the statement issued on 8 July 2010 by the Minister for Pensions regarding the Government's intention to use the Consumer Prices Index ("CPI") rather than the Retail Prices Index ("RPI") as the inflation measure to determine pension increases linked to statutory indices, the Directors have had regard to the Accounting Standard Board's Urgent Issues Task Force Information Sheet No 48 The Directors have reviewed, and taken legal advice where appropriate, the Scheme rules of the various pension schemes Some of these specify that pensions in deferment and pensions in payment for certain members will increase in line with the annual statutory order published by the UK government Hence the Directors have concluded during the year that it is appropriate to regard the change from RPI to CPI as a change in actuarial assumptions in respect of deferred pension and pensions in payment for certain members The resulting reduction in the present value of scheme liabilities of £0 4m arising from this change in actuarial assumptions is recorded as an actuarial gain in the statement of total recognised gains and losses

Defined benefit arrangements

The net pension asset of £618,000 *(2010 net pension asset £1,173,000)* represents the four schemes detailed below Disclosures required by FRS 17 follow

	2011	2010
	£000	£000
Allied Textile Companies plc Retirement Benefits Plan	**775**	653
Mayfield Yarns Pension Scheme	-	305
The William Reed Weaving Retirement Benefits Scheme	-	168
JB Broadley Retirement Benefit Scheme	**(157)**	47
Net pension asset	**618**	1,173

Allied Textile Companies plc Retirement Benefits Plan

The latest full actuarial valuation was carried out at 6 April 2009 *(2010 6 April 2009)* and was updated for FRS 17 purposes to 31 December 2011

The major assumptions for this valuation were

	2011	2010
Inflation rate	**2%-2 85%**	3 4%
Pension increases	**2.85%**	3 4%
Expected rate of return on plan assets	**5.17%**	5 99%
Discount rate	**4.7%**	5 4%
Mortality	**S1PXA mc with a min 1% underpin**	S1PXA mc with a min 1% underpin

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice

Weighted average life expectancy for mortality tables used to determine benefit obligations at 31 December 2011

	Male	Female
Member aged 65 (current life expectancy)	21 1	23 8
Member aged 45 (life expectancy at age 65)	23 1	25 7

Notes *(continued)*

22 Pension costs *(continued)*

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were

	Value at 2011 £000	Value at 2010 £000
Equities	**6,873**	8,384
Gilts/bonds	**9,504**	8,507
Cash	**741**	473
Property	**115**	90
Total market value of assets	**17,233**	17,454
Present value of scheme liabilities	**(16,199)**	(15,307)
Surplus	**1,034**	2,147
Restricted surplus *	**1,034**	895
Related deferred tax liability	**(259)**	(242)
Net pension asset	**775**	653
Actual return on plan assets	**571**	1,914

* The surplus must be restricted to the maximum benefit the company can derive from this surplus through non-payment of future expenses over the remaining lifetime of this scheme

	Long term rate of return 2011	Long term rate of return 2010
Equities	**7.7%**	7 7%
Gilts/Bonds	**3.7%**	4 9%
Cash	**0 5%**	0 5%
Property	**6 2%**	6 2%

Movements in present value of defined benefit obligation

	2011 £000	2010 £000
At 1 January	**15,307**	14,892
Interest cost	**806**	811
Actuarial losses	**998**	500
Benefits paid	**(912)**	(896)
At 31 December	**16,199**	15,307

Notes *(continued)*

22 Pension costs *(continued)*

Movements in fair value of plan assets

	2011 £000	2010 £000
At 1 January	**17,454**	16,316
Expected return on plan assets	**806**	811
Actuarial (losses) / gains	**(235)**	1,103
Contributions by employer	**120**	120
Benefits paid	**(912)**	(896)
At 31 December	**17,233**	17,454

Expense recognised in the profit and loss account

	2011 £000	2010 £000
Administrative expenses		
Current service cost	**-**	-
Interest		
Interest on pension scheme liabilities	**806**	811
Expected return on pension scheme assets	**(806)**	(811)
	-	-
Total	**-**	-

Statement of total recognised gains and losses

	31 December 2011 £000	31 December 2010 £000
Actuarial (loss) / gain recognised in statement of total recognised gains and losses	**(1,233)**	603
Adjustment to surplus capital net gain recognised	**1,252**	(703)
Adjusted actuarial gain / (loss)	**19**	(100)

Cumulative actuarial losses reported in the consolidated statement of total recognised gains and losses for accounting periods ending on or after 22 June 2002 and subsequently included by prior adjustment under paragraph 96 of FRS 17, are £1,488,000 *(2010 £1,522,000)*

Notes *(continued)*

22 Pension costs *(continued)*

Five year history

	2011	2010	2009	2008	2007
	£000	£000	£000	£000	£000
Present value of scheme liabilities	**(16,199)**	(15,307)	(14,892)	(14,226)	(15,767)
Fair value of scheme assets	**17,233**	17,454	16,316	15,125	17,499
Surplus	**1,034**	2,147	1,424	899	1,732
Difference between actual and expected return on scheme assets					
Amount (£000s)	**(235)**	1,103	1,296	(2,619)	462
% of scheme assets	**(1.4)%**	6 3%	7 9%	(17 3)%	2 6%
Experience gains and losses on scheme liabilities					
Amount (£000s)	**(118)**	(500)	(817)	957	(326)
% of scheme liabilities	**(0.7)%**	(3 3)%	(5 5%)	6 7%	(2 1)%

The group expected to contribute £120,000 to this defined benefit plan in the next financial year

Mayfield Yarns Pension Scheme

The latest full actuarial valuation was carried out at 31 March 2011 *(2010 31 March 2008)* and was updated for FRS 17 purposes to 31 December 2011

The major assumptions for this valuation were

	2011	2010
Inflation rate	**3 0%**	3 4%
Rate of increase in salaries	**n/a**	5 4%
Pension increases	**3 8%**	3 8%
Discount rate	**4 7%**	5 4%
Expected long-term return on plan assets	**4 26%**	6 23%
Mortality	**SNAO2 (YOB_ CMI_2009) with 1.5% long term Improvement rate**	PA92(YOB) mc + 2 years + 1% pa underpin

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice

Weighted average life expectancy for mortality tables used to determine benefit obligations at 31 December 2011

	Male	Female
Member aged 65 (current life expectancy)	22 5	24 7
Member aged 45 (life expectancy at age 65)	24 7	27 1

Notes *(continued)*

22 Pension costs *(continued)*

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were

	Value at 2011 £000	Value at 2010 £000
Equities	**13,722**	15,979
Gilts/Bonds	**2,258**	1,925
Cash	**1,216**	1,155
Property	**174**	193
Total market value of assets	**17,370**	19,252
Present value of funded defined benefit obligations	**(15,567)**	(15,232)
Surplus	**1,803**	4,020
Restricted surplus*	**-**	417
Related deferred tax liability	**-**	(112)
Net pension asset	**-**	305
Actual return on plan assets	**(982)**	2,097

*The surplus must be restricted to the maximum benefit the company can derive from this surplus in terms of reduced future contributions over the remaining lifetime of the pension scheme membership

	Long term rate of return 2011	Long term rate of return 2010
Equities	**5.0%**	6 5%
Gilts/Bonds	**2.0%**	3 5%
Cash	**0.0%**	0 0%
Property	**5.0%**	6 5%

The overall expected rate of return is calculated by weighting the expected return for each asset class based on the target asset allocation

Notes *(continued)*

22 Pension costs *(continued)*

Movements in present value of defined benefit obligation

	2011 £000	2010 £000
At 1 January	**15,232**	13,954
Current service cost	**73**	134
Interest cost	**808**	783
Curtailment gain	**(253)**	-
Actuarial losses	**607**	937
Benefits paid	**(900)**	(576)
At 31 December	**15,567**	15,232

Movements in fair value of plan assets

	2011 £000	2010 £000
At 1 January	**19,252**	17,731
Expected return on plan assets	**881**	917
Actuarial (losses) / gains	**(1,863)**	1,180
Benefits paid	**(900)**	(576)
At 31 December	**17,370**	19,252

Expense recognised in the profit and loss account

	2011 £000	2010 £000
Administrative expenses		
Current service cost	**73**	134
Curtailment gain	**(253)**	-
Reduction in recognised surplus due to curtailment	**253**	-
	73	134
Interest		
Interest on pension scheme liabilities	**808**	783
Expected return on pension scheme assets	**(881)**	(917)
	(73)	(134)
Total	**-**	-

Notes *(continued)*

22 Pension costs *(continued)*

Statement of total recognised gains and losses

	2011 £000	2010 £000
Actuarial (loss) / gain recognised in statement of total recognised gains and losses	**(2,470)**	243
Adjustment to surplus capital net gain recognised	**2,053**	(328)
Adjusted actuarial loss	**(417)**	(85)

Cumulative actuarial gains reported in the consolidated statement of total recognised gains and losses for accounting periods ending on or after 22 June 2002 and subsequently included by prior adjustment under paragraph 96 of FRS 17, are £15,000 *(2010 £320,000)*

Five year history

	2011 £000	2010 £000	2009 £000	2008 £000	2007 £000
Present value of scheme liabilities	**(15,567)**	(15,232)	(13,954)	(11,986)	(13,996)
Fair value of scheme assets	**17,370**	19,252	17,731	15,121	19,013
Surplus	**1,803**	4,020	3,777	3,135	5,017
Difference between actual and expected return on scheme assets					
Amount (£000s)	**(1,863)**	1,180	2,429	(4,116)	696
% of scheme assets	**(10 7)%**	6 1%	13 7%	(27 2)%	3 7%
Experience gains and losses on scheme liabilities					
Amount (£000s)	**1,002**	-	-	979	-
% of scheme liabilities	**6.4%**	-	-	8 2%	-

The group expects to contribute £nil to this defined benefit plan in the next financial year

The William Reed Weaving Retirement Benefits Scheme

The latest full actuarial valuation was carried out at 31 December 2009 *(2010 31 December 2009)* and was updated for FRS 17 purposes to 31 December 2011

The major assumptions for this valuation were

	2011	2010
Inflation rate	**2 0%**	3 4%
Rate of increase in salaries	**n/a**	3 9%
Pension increases	**3 0%**	3 4%
Discount rate	**4.7%**	5 4%
Expected rate of return on scheme assets	**6 1%**	6 9%
Mortality	**PA92 mc + underpin**	PA92 mc + underpin

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice

The overall expected rate of return is calculated by applying the individual sector expected rates of return set at the end of the previous accounting period to the actual asset allocation on the accounting date

Notes *(continued)*

22 Pension costs *(continued)*

Weighted average life expectancy for mortality tables used to determine benefit obligations at 31 December 2011

	Male	Female
Member aged 65 (current life expectancy)	23 0	25 5
Member aged 45 (life expectancy at age 65)	25 4	27 1

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were

	Value at 2011 £000	Value at 2010 £000
Equities	**5,090**	5,742
Cash	**99**	35
Total market value of assets	**5,189**	5,777
Present value of funded defined benefit obligations	**(5,074)**	(4,736)
Surplus	**115**	1,041
Restricted surplus*	-	230
Related deferred tax liability	-	(62)
Net pension asset	-	168
Actual return on plan assets	**(405)**	762

*The surplus must be restricted to the maximum benefit the company can derive from this surplus in terms of reduced future contributions over the remaining lifetime of the pension scheme membership

	Long term rate of return 2011	Long term rate of return 2010
Equities	**6 2%**	6 9%
Other	**0 5%**	0 5%

Notes *(continued)*

22 Pension costs *(continued)*

Movements in present value of defined benefit obligation

	2011 £000	2010 £000
At 1 January	**4,736**	4,559
Current service cost	**4**	47
Interest cost	**251**	255
Actuarial losses	**266**	62
Contributions by members	**-**	9
Expenses paid	**(26)**	(20)
Benefits paid	**(157)**	(176)
At 31 December	**5,074**	4,736

Movements in fair value of plan assets

	2011 £000	2010 £000
At 1 January	**5,777**	5,179
Expected return on plan assets	**392**	362
Actuarial (losses) / gains	**(797)**	400
Contributions by employer	**-**	23
Contributions by members	**-**	9
Benefits paid	**(157)**	(176)
Expenses paid	**(26)**	(20)
At 31 December	**5,189**	5,777

Expense recognised in the profit and loss account

	2011 £000	2010 £000
Administrative expenses		
Current service cost	**4**	47
Interest		
Interest on pension scheme liabilities	**251**	255
Expected return on pension scheme assets	**(392)**	(362)
	(141)	(107)
Total	**(137)**	(60)

22 Pension costs *(continued)*

Statement of total recognised gains and losses

	2011 £000	2010 £000
Actuarial (loss) / gain recognised in statement of total recognised gains and losses	(1,063)	338
Adjustment to surplus capital net gain recognised	696	(811)
Adjusted actuarial loss	(367)	(473)

Cumulative actuarial losses reported in the consolidated statement of total recognised gains and losses for accounting periods ending on or after 22 June 2002 and subsequently included by prior adjustment under paragraph 96 of FRS 17, are £484,000 *(2010 £215,000)*

Five year history

	2011 £000	2010 £000	2009 £000	2008 £000	2007 £000
Present value of scheme liabilities	(5,074)	(4,736)	(4,559)	(3,811)	(4,283)
Fair value of scheme assets	5,189	5,777	5,179	4,386	5,958
Surplus	115	1,041	620	575	1,675
Difference between actual and expected return on scheme assets					
Amount (£000s)	(797)	400	636	(1,649)	269
% of scheme assets	(15.4)%	6 9%	12 3%	(37 6)%	4 5%
Experience gains and losses on scheme liabilities					
Amount (£000s)	(26)	111	(34)	(175)	(7)
% of scheme liabilities	(0.5)%	2 3%	(0 7)%	(4 6)%	(0 2)%

The group expects to contribute £nil to this defined benefit plan in the next financial year

JB Broadley Retirement Benefits Scheme

The latest full actuarial valuation was carried out at 1 June 2008 (2010 1 June 2008) and was updated for FRS 17 purposes to 31 December 2011

The major assumptions for this valuation were

	2011	2010
Inflation rate	1.7%	3 5%
Rate of increase in salaries	n/a	5 0%
Pension increases	3 0%	3 5%
Discount rate	4.7%	5 4%
Expected return on scheme assets	5 3%	6 0%
Life expectancy of a male aged 65	21.5	20 2
Mortality	110% of S1PA lc	125% of PCA00 mc

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice

The overall expected rate of return is calculated by weighting the rates of return in the investment sectors in which the assets are invested

Notes (continued)

22 Pension costs *(continued)*

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were

	Value at 2011 £000	Value at 2010 £000
Equities	**1,729**	2,192
Gilts/bonds	**1,882**	1,634
Cash	**231**	160
Total market value of assets	**3,842**	3,986
Present value of funded defined benefit obligations	**(4,052)**	(3,634)
(Deficit) / surplus	**(210)**	352
(Deficit) / Restricted surplus*	**(210)**	65
Related deferred tax asset / (liability)	**53**	(18)
Net pension (liability) / asset	**(157)**	47
Actual return on plan assets	**(17)**	394

The surplus must be restricted to the maximum benefit the company can derive from this surplus in terms of reduced future contributions over the remaining lifetime of the pension scheme membership

	Long term rate of return 2011	Long term rate of return 2010
Equities	**7.5%**	7 5%
Gilts/Bonds	**4 4%**	4 4%
Cash	**2 0%**	2 0%

Movements in present value of defined benefit obligation

	2011 £000	2010 £000
At 1 January	**3,634**	3,674
Current service cost	**2**	6
Interest cost	**193**	204
Actuarial losses / (gains)	**352**	(53)
Contributions by members	**1**	2
Benefits paid	**(130)**	(199)
At 31 December	**4,052**	3,634

Notes *(continued)*

22 Pension costs *(continued)*

Movements in fair value of plan assets

	2011 £000	2010 £000
At 1 January	**3,986**	3,812
Expected return on plan assets	**208**	239
Actuarial (losses) / gains	**(225)**	155
Contributions by employer	**2**	4
Contributions by members	**1**	2
Benefits paid	**(130)**	(199)
Expenses paid	**-**	(27)
At 31 December	**3,842**	3,986

Expense recognised in the profit and loss account

	2011 £000	2010 £000
Administrative expenses		
Current service cost	**2**	6
Interest		
Interest on pension scheme liabilities	**193**	204
Expected return on pension scheme assets	**(208)**	(239)
	(15)	(35)
Total	**(13)**	(29)

Statement of total recognised gains and losses

	2011 £000	2010 £000
Actuarial (loss) / gain recognised in statement of total recognised gains and losses	**(577)**	181
Adjustment to surplus capital net gain recognised	**287**	(287)
Actuarial loss	**(290)**	(106)

Cumulative actuarial losses reported in the consolidated statement of total recognised gains and losses for accounting periods ending on or after 22 June 2002 and subsequently included by prior adjustment under paragraph 96 of FRS 17, are £371,000 *(2010 £156,000)*

Notes *(continued)*

22 Pension costs *(continued)*

Five year history

	2011 £000	2010 £000	2009 £000	2008 £000	2007 £000
Present value of scheme liabilities	**(4,052)**	(3,634)	(3,674)	(3,554)	(3,956)
Fair value of scheme assets	**3,842**	3,986	3,812	3,663	4,092
(Deficit) / surplus	**(210)**	352	138	109	136
Difference between actual and expected return on scheme assets					
Amount (£000s)	**(225)**	155	264	(510)	(69)
% of scheme assets	**(5.8)%**	3 9%	6 9%	(13 9)%	(1 7)%
Experience gains and losses on scheme liabilities					
Amount (£000s)	**88**	163	217	(68)	19
% of scheme liabilities	**2.2%**	4 5%	5 9%	(1 9)%	0 5%

The group expects to contribute £nil for this defined benefit scheme in the next financial year

ATC Manufacturing Limited Cash Benefit and Life Assurance Scheme

This scheme was not recognised in the group's balance sheet at the period end The scheme was not material to the group accounts

A valuation of the scheme was performed by an independent actuary at 1 January 2011 The solvency valuation suggests an unrecorded surplus on the scheme of £132,000

Group Personal Pension Plan

Group companies also operate a group personal pension plan, the assets of which are held separately from those of the company, as independently administered funds The amount charged to the profit and loss account in respect of the plan is the contribution in the year and amounted to £0 1 million (*2010 £0 1million*)

23 Reconciliation of operating profit / (loss) to net cash inflow from operating activities

	2011 £m	2010 £m
Operating profit / (loss)	**0 6**	(0 6)
Depreciation	**0.8**	0 9
Amortisation of goodwill	**0.3**	0 3
Increase in stocks	**(0 6)**	(1 0)
(Increase) / decrease in debtors	**(0.3)**	0 2
Increase in creditors and provisions	**0.4**	0 2
Net cash inflow from operating activities	**1.2**	-

Notes *(continued)*

24 Sale of businesses

	Profit/(loss) on sale		Proceeds received	
	2011	2010	**2011**	2010
	£m	£m	**£m**	£m
Sales of businesses comprise				
Texas Coating Developments	**(0 1)**	-	**0.1**	-
Transfer coating business	**0.1**	0 1	**0.1**	0 1
Total	**-**	0 1	**0.2**	0 1

On 26 August 2011, the group sold its Texas Coating Developments business This operation was not considered material to the group and therefore has not been classified as a discontinued operation

	£m
Net assets disposed of	
Stock	0 2
Loss on disposal	(0 1)
	0 1
Satisfied by	
Cash	0 1

On 3 August 2009, the group sold its transfer coating business, a part of the J B Broadley division The transaction involved an element of contingent deferred consideration which was not recognised in 2009 due to the level of uncertainty In 2011 £0 1 million (2010 £0 1million) of this deferred consideration was received

25 Financing

	2011	2010
	£m	£m
New loans	**3 5**	-
Repayment of loans	**(4.5)**	(1 3)
	(1.0)	(1 3)

26 Analysis of changes in net debt

	At 1 January 2011 £m	Cash flows £m	Non-cash movements £m	**At 31 December 2011 £m**
Cash at bank and in hand	0 7	0 1	-	**0.8**
Bank overdrafts/other bank facility	(1 5)	(0 7)	-	**(2.2)**
	(0 8)	(0 6)	-	**(1.4)**
Debt due within one year	(0 9)	1 0	(0 7)	**(0.6)**
Debt due after one year	(4 0)	-	0 7	**(3.3)**
Net debt	(5 7)	0 4	-	**(5.3)**