

Registered number. 05397789

PANG (2005) LIMITED

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

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PANG (2005) LIMITED

COMPANY INFORMATION

DIRECTORS

B J McGuirk (resigned 10 July 2013)
T R Cheek
J E McGuirk
M P Parkinson

COMPANY SECRETARY

M P Parkinson

REGISTERED NUMBER

05397789

REGISTERED OFFICE

Alpha 1
Chiswick Avenue
Mildenhall
Bury St Edmunds
Suffolk
IP28 7AX

INDEPENDENT AUDITORS

Price Bailey LLP
Chartered Accountants & Statutory Auditors
The Quorum
Barnwell Road
Cambridge
CB5 8RE

PANG (2005) LIMITED

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PANG (2005) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

The directors present their report and the financial statements for the year ended 31 December 2012

PRINCIPAL ACTIVITIES

The principal activity of the company was that of a holding company

BUSINESS REVIEW

The company has three wholly owned subsidiaries which have been fully consolidated into these financial statements

In 2011, following the purchase of subsidiaries, Apaseal Limited and Airvert Limited the group underwent major reorganisation. This reorganisation continued during the 2012 financial year. The group expects to return to profitability next year.

The group reviews its performance on a monthly basis using key performance indicators of turnover, gross profit and net profit. These are monitored against current year budgets and last years actual results.

RESULTS

The loss for the year, after taxation and minority interests, amounted to £423,743 (2011 - loss £823,923)

DIRECTORS

The directors who served during the year were

B J McGuirk (resigned 10 July 2013)
T R Cheek
J E McGuirk
M P Parkinson

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make 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 group 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 the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PANG (2005) LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2012
DISCLOSURE OF INFORMATION TO AUDITORS**

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

- so far as that director is aware, there is no relevant audit information of which the company and the group's auditors are unaware, and
- that 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 and the group's auditors are aware of that information

AUDITORS

Under section 487(2) of the Companies Act 2006, Price Bailey LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier

This report was approved by the board on 26/09/2013

and signed on its behalf



M P Parkinson
Director

PANG (2005) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF PANG (2005) LIMITED

We have audited the financial statements of Pang (2005) Limited for the year ended 31 December 2012, set out on pages 5 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2012 and of the group's loss 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.

EMPHASIS OF MATTER

In forming our opinion, which is not modified in this respect, we have considered the adequacy of the disclosures in note 12 to the financial statements concerning the company's ability to continue as a going concern. The group meets its day to day working capital requirements through a confidential invoice discounting arrangement which is repayable on demand and through other borrowings.

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.

PANG (2005) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF PANG (2005) LIMITED

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

Paul Cullen FCCA (Senior Statutory Auditor)

for and on behalf of

Price Bailey LLP

Chartered Accountants

Statutory Auditors

The Quorum
Barnwell Road
Cambridge
CB5 8RE

27 September 2013

PANG (2005) LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Note	2012 £	2011 £
TURNOVER	1,3	8,835,446	8,980,575
Cost of sales		<u>(5,885,958)</u>	<u>(6,931,907)</u>
GROSS PROFIT		2,949,488	2,048,668
Distribution costs		(1,828,055)	(1,821,296)
Administrative expenses		<u>(1,523,125)</u>	<u>(1,164,735)</u>
OPERATING LOSS	2	(401,692)	(937,363)
Interest receivable and similar income		30	1,310
Interest payable and similar charges	6	<u>(70,600)</u>	<u>(43,807)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(472,262)	(979,860)
Tax on loss on ordinary activities	7	<u>-</u>	<u>50,586</u>
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		(472,262)	(929,274)
Minority interests		<u>48,519</u>	<u>105,351</u>
LOSS FOR THE FINANCIAL YEAR	17	<u><u>(423,743)</u></u>	<u><u>(823,923)</u></u>

All amounts relate to continuing operations

There were no recognised gains and losses for 2012 or 2011 other than those included in the Profit and Loss Account

The notes on pages 9 to 21 form part of these financial statements

PANG (2005) LIMITED
REGISTERED NUMBER: 05397789

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2012

	Note	£	2012 £	£	2011 £
FIXED ASSETS					
Intangible assets	8		555,006		605,448
Tangible assets	9		238,145		404,735
			<u>793,151</u>		<u>1,010,183</u>
CURRENT ASSETS					
Stocks	11	1,360,549		1,423,260	
Debtors	12	2,375,691		2,324,390	
Cash at bank and in hand		1,079,897		145,985	
		<u>4,816,137</u>		<u>3,893,635</u>	
CREDITORS amounts falling due within one year	13	(5,471,645)		(4,156,588)	
NET CURRENT LIABILITIES			<u>(655,508)</u>		<u>(262,953)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>137,643</u>		<u>747,230</u>
CREDITORS amounts falling due after more than one year	14		(57,726)		(84,751)
PROVISIONS FOR LIABILITIES					
Other provisions	15		(50,000)		(50,000)
NET ASSETS			<u>29,917</u>		<u>612,479</u>
CAPITAL AND RESERVES					
Called up share capital	16		10,000		10,000
Profit and loss account	17		19,917		443,660
SHAREHOLDERS' FUNDS	18		29,917		453,660
MINORITY INTERESTS	22		-		158,819
			<u>29,917</u>		<u>612,479</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
26/09/2013



M P Parkinson
Director

The notes on pages 9 to 21 form part of these financial statements

PANG (2005) LIMITED
REGISTERED NUMBER: 05397789

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2012

	Note	2012 £	2011 £
FIXED ASSETS			
Investments	10	2,151,226	2,026,226
CREDITORS: amounts falling due within one year	13	(51,600)	(2,526,225)
TOTAL ASSETS LESS CURRENT LIABILITIES		2,099,626	(499,999)
CREDITORS amounts falling due after more than one year	14	(2,599,625)	-
NET LIABILITIES		(499,999)	(499,999)
CAPITAL AND RESERVES			
Called up share capital	16	10,000	10,000
Profit and loss account	17	(509,999)	(509,999)
SHAREHOLDERS' DEFICIT	18	(499,999)	(499,999)

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

26/09/2013


M P Parkinson
 Director

The notes on pages 9 to 21 form part of these financial statements

PANG (2005) LIMITED

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Note	2012 £	2011 £
Net cash flow from operating activities	24	560,464	762,331
Returns on investments and servicing of finance	25	(70,570)	(42,497)
Taxation		61,216	(61,216)
Capital expenditure and financial investment	25	68,249	(127,864)
Acquisitions and disposals	25	(125,000)	(2,417,079)
CASH INFLOW/(OUTFLOW) BEFORE FINANCING		494,359	(1,886,325)
Financing	25	(117,318)	(35,063)
INCREASE/(DECREASE) IN CASH IN THE YEAR		377,041	(1,921,388)

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
FOR THE YEAR ENDED 31 DECEMBER 2012**

	2012 £	2011 £
Increase/(Decrease) in cash in the year	377,041	(1,921,388)
Cash outflow from decrease in debt and lease financing	117,318	35,063
CHANGE IN NET DEBT RESULTING FROM CASH FLOWS	494,359	(1,886,325)
Other non-cash changes	-	31,387
MOVEMENT IN NET DEBT IN THE YEAR	494,359	(1,854,938)
Net (debt)/funds at 1 January 2012	(1,528,958)	325,980
NET DEBT AT 31 DECEMBER 2012	(1,034,599)	(1,528,958)

The notes on pages 9 to 21 form part of these financial statements

PANG (2005) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

1 ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

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

1.2 Going concern

The company, via its subsidiaries, meets its day to day working capital requirements through a confidential invoice discounting arrangement which is repayable on demand and on other borrowings

The nature of the group's business is such that there can be considered unpredictable variation in the timing of cash inflows. The directors have prepared projected cash flow information for the period to 31 December 2014 and, on the basis of this cash flow information and discussions with the group's bankers and other lenders, the directors consider that the company, and the group, will continue to operate within the facilities currently agreed

On this basis, the directors consider it appropriate to prepare the financial statements on the going concern basis. The financial statements do not include any adjustment that would result from a withdrawal of facilities

1.3 Basis of consolidation

The financial statements consolidate the accounts of Pang (2005) Limited and all of its subsidiary undertakings ('subsidiaries')

The results of subsidiaries acquired during the year are included from the effective date of acquisition

1.4 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts

1.5 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the Profit and Loss Account over its estimated economic life of 10 years

Trademarks are valued at cost less accumulated amortisation. Amortisation is calculated to write off the cost in equal annual instalments over their estimated useful lives

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Plant & machinery	-	10-50% per annum on a straight line basis
Motor vehicles	-	20% per annum on a straight line basis
Fixtures, fittings and equipment	-	10-25% per annum on a straight line basis

1.7 Investments

Investments in subsidiaries are valued at cost less provision for impairment

PANG (2005) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

1. ACCOUNTING POLICIES (continued)

1.8 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Profit and Loss Account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.9 Operating leases

Rentals under operating leases are charged to the Profit and Loss Account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.10 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

1.11 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and Loss Account.

1.12 Pensions

The group operates a defined contribution pension scheme and the pension charge represents the amounts payable by the group to the fund in respect of the year.

1.13 Warranty costs

The group gives a one year warranty on new machines sold. Provision is made in the financial statements for the estimated labour cost of warranties outstanding at the balance sheet date.

PANG (2005) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

2. OPERATING LOSS

The operating loss is stated after charging

	2012 £	2011 £
Amortisation - intangible fixed assets	65,142	43,246
Depreciation of tangible fixed assets		
- owned by the group	79,001	57,994
- held under finance leases	58,937	101,530
Auditors' remuneration	22,650	22,600
Operating lease rentals		
- plant and machinery	1,968	3,218
- other operating leases	114,313	148,090
Difference on foreign exchange	(12,341)	(34,989)
	<u> </u>	<u> </u>

3. TURNOVER

The groups' turnover was all derived from its principal activities. Sales were made to geographical markets as detailed below

	2012 £	2011 £
United Kingdom	8,795,311	8,820,044
Rest of the world	40,135	160,531
	<u> </u>	<u> </u>
	8,835,446	8,980,575
	<u> </u>	<u> </u>

4. STAFF COSTS

Staff costs, including directors' remuneration, were as follows

	2012 £	2011 £
Wages and salaries	1,592,548	1,492,878
Social security costs	171,548	175,424
Other pension costs	38,381	69,618
	<u> </u>	<u> </u>
	1,802,477	1,737,920
	<u> </u>	<u> </u>

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

	2012 No	2011 No
Direct and indirect	77	95
	<u> </u>	<u> </u>

PANG (2005) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

5. DIRECTORS' REMUNERATION

	2012 £	2011 £
Remuneration	213,394	213,973
Company pension contributions to defined contribution pension schemes	13,200	13,200

During the year retirement benefits were accruing to 4 directors (2011 - 4) in respect of defined contribution pension schemes

The highest paid director received remuneration of £69,046 (2011 - £72,817)

The value of the group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £3,600 (2011 - £3,600)

6 INTEREST PAYABLE

	2012 £	2011 £
On bank loans and overdrafts	22,198	18,608
On finance leases and hire purchase contracts	8,938	5,338
Other interest payable	39,464	19,861
	70,600	43,807

7. TAXATION

	2012 £	2011 £
Analysis of tax charge/(credit) in the year		
Current tax (see note below)		
UK corporation tax charge/(credit) on loss for the year	-	(61,216)
Deferred tax		
Origination and reversal of timing differences	-	10,630
Tax on loss on ordinary activities	-	(50,586)

PANG (2005) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

7. TAXATION (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2011 - higher than) the standard rate of corporation tax in the UK of 20% (2011 - 20%) The differences are explained below

	2012 £	2011 £
Loss on ordinary activities before tax	(472,262)	(979,860)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2011 - 20%)	(94,452)	(195,972)
Effects of		
Non-tax deductible amortisation of goodwill and impairment	13,028	8,649
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	5,590	848
Capital allowances for year in excess of depreciation	(3,025)	7,421
Utilisation of tax losses	(644)	(61,216)
Changes in provisions leading to an increase (decrease) in the tax charge	(11,475)	13,483
Unrelieved tax losses carried forward	90,978	265,571
Fair value adjustment on acquisition of subsidiaries	-	(100,000)
Current tax charge/(credit) for the year (see note above)	-	(61,216)

Factors that may affect future tax charges

The group has estimated tax losses of £2,000,000 (2011 - £1,500,000) available for carry forward against future trading profits The group has a potential deferred tax asset of £400,000 (2011 - £300,000) which has not been recognised on the above losses in the financial statements This is due to the uncertainty when such losses will be utilised

The group has a potential deferred tax liability of £25,916 (2011 - £36,215 liability) on decelerated capital allowances The directors have not recognised this asset in the financial statements at 31 December 2012 due to the uncertainty in the timing of its reversal

PANG (2005) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

8. INTANGIBLE FIXED ASSETS

Group	Patents £	Goodwill £	Total £
Cost			
At 1 January 2012	1	648,693	648,694
Additions	-	14,700	14,700
At 31 December 2012	1	663,393	663,394
Amortisation			
At 1 January 2012	-	43,246	43,246
Charge for the year	-	65,142	65,142
At 31 December 2012	-	108,388	108,388
Net book value			
At 31 December 2012	1	555,005	555,006
At 31 December 2011	1	605,447	605,448

9. TANGIBLE FIXED ASSETS

Group	Plant & machinery £	Motor vehicles £	Fixtures, fittings and equipment £	Total £
Cost				
At 1 January 2012	173,935	1,066,006	261,682	1,501,623
Additions	18,074	-	7,212	25,286
Disposals	(78,043)	(241,350)	(133,888)	(453,281)
At 31 December 2012	113,966	824,656	135,006	1,073,628
Depreciation				
At 1 January 2012	167,316	682,003	247,569	1,096,888
Charge for the year	13,994	121,658	2,286	137,938
On disposals	(88,556)	(187,410)	(123,377)	(399,343)
At 31 December 2012	92,754	616,251	126,478	835,483
Net book value				
At 31 December 2012	21,212	208,405	8,528	238,145
At 31 December 2011	6,619	384,003	14,113	404,735

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows

Group	2012 £	2011 £
Motor vehicles	151,324	259,145

PANG (2005) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

10. FIXED ASSET INVESTMENTS

Company	Investments in subsidiary companies £
Cost	
At 1 January 2012	2,526,226
Additions	125,000
At 31 December 2012	<u>2,651,226</u>
Impairment	
At 1 January 2012 and 31 December 2012	<u>500,000</u>
Net book value	
At 31 December 2012	<u>2,151,226</u>
At 31 December 2011	<u>2,026,226</u>

11. STOCKS

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Finished goods and goods for resale	<u>1,360,549</u>	<u>1,423,260</u>	<u>-</u>	<u>-</u>

12. DEBTORS

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Trade debtors	2,192,050	2,112,940	-	-
Other debtors	98,700	69,215	-	-
Prepayments and accrued income	84,941	142,235	-	-
	<u>2,375,691</u>	<u>2,324,390</u>	<u>-</u>	<u>-</u>

Included in trade debtors are balances totalling £1,988,457 (2011 - £1,885,780) which are subject to a confidential invoice discounting agreement

PANG (2005) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

**13. CREDITORS:
Amounts falling due within one year**

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Bank loans, overdrafts and amounts received under discounting arrangements	2,032,987	1,476,116	-	-
Net obligations under finance leases and hire purchase contracts	66,783	114,076	-	-
Trade creditors	1,938,104	1,631,244	-	-
Amounts owed to group undertakings	-	-	-	2,526,225
Other taxation and social security	462,633	333,145	-	-
Other creditors	743,689	393,496	51,600	-
Accruals and deferred income	227,449	208,511	-	-
	<u>5,471,645</u>	<u>4,156,588</u>	<u>51,600</u>	<u>2,526,225</u>

**14. CREDITORS:
Amounts falling due after more than one year**

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Net obligations under finance leases and hire purchase contracts	14,726	84,751	-	-
Amounts owed to group undertakings	-	-	2,556,625	-
Other creditors	43,000	-	43,000	-
	<u>57,726</u>	<u>84,751</u>	<u>2,599,625</u>	<u>-</u>

Obligations under finance leases and hire purchase contracts, included above, are payable as follows

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Between one and five years	14,726	84,751	-	-

Bank loans and overdrafts of £947,571 (2011 - £10,362) are secured on a fixed and floating charge over the group's assets

Amounts received under discounting arrangement of £1,085,416 (2011 - £1,465,754) are secured on book debts of the group

Hire purchase obligations of £81,509 (2011 - £198,827) are secured on the assets to which they relate as detailed in note 7

PANG (2005) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

15. PROVISIONS

Group	Provisions £
At 1 January 2012 and 31 December 2012	50,000

Provisions

The group gives a one year warranty on machines sold. The group is only liable to the extent of the labour element of any claim as parts are covered in turn by the suppliers' warranties. The directors estimate the potential cost of this warranty work to be £50,000 (2011 - £50,000).

The Company has no provisions.

16. SHARE CAPITAL

	2012 £	2011 £
Allotted, called up and fully paid		
10,000 Ordinary shares of £1 each	10,000	10,000

17. RESERVES

Group	Profit and loss account £
At 1 January 2012	443,660
Loss for the financial year	(423,743)
At 31 December 2012	19,917
 Company	 Profit and loss account £
At 1 January 2012 and 31 December 2012	(509,999)

PANG (2005) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

18. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2012	2011
	£	£
Group		
Opening shareholders' funds	453,660	1,277,583
Loss for the financial year	(423,743)	(823,923)
	<u>29,917</u>	<u>453,660</u>
Closing shareholders' funds	<u>29,917</u>	<u>453,660</u>
	2012	2011
	£	£
Company		
Opening shareholders' (deficit)/funds	(499,999)	1
Profit/(loss) for the financial year	-	(500,000)
	<u>(499,999)</u>	<u>(499,999)</u>
Closing shareholders' deficit	<u>(499,999)</u>	<u>(499,999)</u>

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Profit and Loss Account

The profit/(loss) for the year dealt with in the accounts of the company was £NIL (2011 - £(500,000) loss)

19. PENSION COMMITMENTS

The group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £38,381 (2011 - £69,618). No contributions (2011 - £18,296) were payable to the fund at the balance sheet date.

20. OPERATING LEASE COMMITMENTS

At 31 December 2012 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2012	2011	2012	2011
	£	£	£	£
Group				
Expiry date				
Within 1 year	-	-	-	2,098
Between 2 and 5 years	99,427	115,000	-	-
	<u>99,427</u>	<u>115,000</u>	<u>-</u>	<u>-</u>

21. PRINCIPAL SUBSIDIARIES

Company name	Country of incorporation	Percentage Shareholding	Description
Pang UK Limited	England & Wales	100	Distribution of vulcanising materials and tools to the motor trade
Apaseal Limited	England & Wales	100	Distribution of tyre and wheel maintenance products
Airvert Limited	England & Wales	100	Distribution of tyre and wheel maintenance products

PANG (2005) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

22. MINORITY INTERESTS

Equity

	£
At 1 January 2012	(158,819)
Proportion of profit after taxation	48,519
Purchase of minority interests	110,300
	<hr/>
At 31 December 2012	-
	<hr/> <hr/>

23. RELATED PARTY TRANSACTIONS

During the year the group was charged rent of £57,500 (2011 - £50,000) from a standard life pension scheme, a scheme in which T R Cheek and B J McGuirk are joint members

The group has a loan outstanding from T R Cheek, a director of the group The group was charged interest of £5,833 (2011 - £3,750) and the loan is repayable on demand

The amount due to him at the year end was £325,000 (2011 - £175,000)

The group has a loan outstanding from B J McGuirk, a director of the group The group was charged interest of £4,563 (2011 - £3,750) and the loan is repayable on demand

The amount due to him at the year end was £240,000 (2011 - £170,000)

The group has a loan outstanding from J McGuirk, a director of the group The group was charged interest of £313 (2011 - £Nil) and the loan is repayable on demand

The amount due to him at the year end was £15,000 (2011 - £15,000)

The group has a loan outstanding from M Parkinson, a director of the group The group was charged interest of £313 (2011 - £Nil) and the loan is repayable on demand

The amount due to him at the year end was £15,000 (2011 - £15,000)

The company has taken advantage of the exemption from the requirement to disclose transactions with wholly owned group companies

24. NET CASH FLOW FROM OPERATING ACTIVITIES

	2012 £	2011 £
Operating loss	(401,692)	(937,363)
Amortisation of intangible fixed assets	65,142	43,246
Depreciation of tangible fixed assets	137,938	159,524
Profit on disposal of tangible fixed assets	(39,597)	(32,689)
Decrease in stocks	62,711	895,796
(Increase)/decrease in debtors	(112,511)	725,713
Increase/(decrease) in creditors	848,473	(91,896)
	<hr/>	<hr/>
Net cash inflow from operating activities	560,464	762,331
	<hr/> <hr/>	<hr/> <hr/>

PANG (2005) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

25. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2012 £	2011 £
Returns on investments and servicing of finance		
Interest received	30	1,310
Interest paid	(61,662)	(43,807)
Hire purchase interest	(8,938)	-
	<u> </u>	<u> </u>
Net cash outflow from returns on investments and servicing of finance	<u>(70,570)</u>	<u>(42,497)</u>
	2012 £	2011 £
Capital expenditure and financial investment		
Purchase of intangible fixed assets	-	(199,428)
Sale of intangible fixed assets	-	71,564
Purchase of tangible fixed assets	(25,286)	-
Sale of tangible fixed assets	93,535	-
	<u> </u>	<u> </u>
Net cash inflow/(outflow) from capital expenditure	<u>68,249</u>	<u>(127,864)</u>
	2012 £	2011 £
Acquisitions and disposals		
Purchase of fixed asset investments	(125,000)	(2,682,356)
Net cash and overdrafts acquired with subsidiary undertakings	-	265,277
	<u> </u>	<u> </u>
Net cash outflow from acquisitions and disposals	<u>(125,000)</u>	<u>(2,417,079)</u>
	2012 £	2011 £
Financing		
Repayment of finance leases	(117,318)	(35,063)
	<u> </u>	<u> </u>

PANG (2005) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

26. ANALYSIS OF CHANGES IN NET DEBT

	1 January 2012 £	Cash flow £	Other non-cash changes £	31 December 2012 £
Cash at bank and in hand	145,985	933,912	-	1,079,897
Bank overdraft	(1,476,116)	(556,871)	-	(2,032,987)
	<u>(1,330,131)</u>	<u>377,041</u>	<u>-</u>	<u>(953,090)</u>
Debt.				
Debts due within one year	(114,076)	117,318	(70,025)	(66,783)
Debts falling due after more than one year	(84,751)	-	70,025	(14,726)
	<u>(1,528,958)</u>	<u>494,359</u>	<u>-</u>	<u>(1,034,599)</u>
Net debt	<u>(1,528,958)</u>	<u>494,359</u>	<u>-</u>	<u>(1,034,599)</u>