6120431

Aspen Pumps Limited

Report and Financial Statements

31 December 2011

Directors

S G Becker (Appointed 1st April 2011)
C S Hamilton
B Leach (Appointed 1st April 2011) (Resigned 6th March 2012)
H D W Middleton
A W Thompson
C C Thompson

Registered Number

06120431

Secretary

C S Hamilton

Auditors

Ernst & Young LLP
1 More London Place
London SE1 2AF

Bankers

Lloyds TSB Bank plc
10 Gresham Street
London EC2V 7AE

Solicitors

Jones Day
21 Tudor Street
London EC4Y 0DJ

Registered Office

Aspen Building
Apex Way
Hailsham
East Sussex BN27 3WA

Directors' report

Registered Number - 06120431

The directors present their report and financial statements for the year ended 31 December 2011

Results and dividends

The profit for the year after taxation amounted to £1,816,000 (2010 – £565,000) The directors do not recommend the payment of a dividend (2010 – £nil)

Principal activity and review of the business

The company's principal activities are

1) The manufacture and sales of mini-condensate pumps for the refrigeration and air conditioning industry

2) The design, manufacture and sale of accessory products and services for the air conditioning industry

3) The administration of the group treasury function,

The key performance indicators monitored by management are regional and product sales volumes and mix, regional and product gross margin, divisional operating margin, banking covenants headroom, the group foreign currency exposure and working capital

In 2010 the group restructured its business the assets and liabilities of Aspen Oldco Limited and the assets and liabilities of the BBJ Engineering division of Big Foot Systems Limited were acquired by Aspen Pumps Limited, effective 30th June 2010 at net book value The company continued the trade of the group post acquisition Subsequent to the restructuring the company changed its name from Acquaspen Limited to Aspen Pumps Limited effective the 22nd September 2010

The group measures its performance by the following indicators

	2011	*2010*
	£000	*£000*
Turnover – total sales	23,343	11,594
Adjusted gross profit %	45 5	48 4

In 2011, costs of £nil (2010 - £76,000), classified in cost of sales, relating to break costs on various foreign currency contracts, have been excluded from the calculation of adjusted gross profit

On the 6th March 2012, Aspen Pumps Limited's immediate parent undertaking, The Pump Group Limited was acquired by PG Bidco Limited As a consequence of this acquisition, the Company restructured its loans and borrowings, all the current banking facilities held with Lloyds TSB Ltd were repaid in full, new banking facilities were entered into with Lloyds TSB Ltd, and the current funding through Loan notes were rolled up the group from Aspen Pumps Limited to PG Bidco Limited

Following the acquisition the ultimate parent undertaking and controlling party remained Inflexion 2006 Buyout Fund Limited Partnership

Future developments

The growth achieved in 2011 is expected to continue in the forthcoming year with exports markets continuing to be developed along with the newer products in the range Improvements in the supply chain should also lead to development of the margin

Directors' report

Registered Number - 06120431

Principal risks and uncertainties

The business of the group is subject to certain risks The key business risks relate to competition, ensuring that the company continues at the forefront of product development and introduction, and the health of the markets which it serves

Key financial risks include the exposure to foreign currency, particularly the Euro in which a significant proportion of sales are made and borrowings are held, and interest rate risk on those borrowings, which affect the group's pricing and cash flow risks

The risk management objectives and policies in relation to financial risks are as follows

Foreign currency

A significant proportion of cash inflows from short term trade receivables in the company's subsidiaries are in foreign currency, particularly in the Euro The group's policy to manage this currency risk includes denominating its bank borrowings in Euros This creates a price risk as the market value of these borrowings changes in relation to movements in the Euro against Sterling (and as detailed above has resulted in an unrealised gain of £0 25 million in the current year (2010 – gain of £0 6 million)) The cash flow risk is however managed by a natural hedge, whereby repayments of debt, capital and interests are made utilising surplus foreign currency inflows

The remaining currency risk on surplus inflows from short term trade receivables is managed through the use of forward foreign exchange contracts Contracts were established in during 2011 to hedge the estimated Euro and US Dollar cash flow through to December 2012 The value of these at 31 December 2011 was an asset of £341,000 (2010 – £213,000) which is not recognised in these financial statements

Interest rate risk

The company's bank borrowings are subject to variable interest rates, which give a cash flow risk in relation to interest charges The company's policy to manage this risk includes the company fixing its interest rate using interest rate swaps The current swap extended to December 2011

Credit risk

Trade receivables are short-term and without undue concentration, and are subject to a strong credit control process to mitigate credit risk

Other risks

The company is exposed to credit risk in relation to the counter party of the above derivatives, a major clearing bank The group does not hold significant cash deposits, but again these are held with the same clearing bank

To manage the company's liquidity risk bank borrowings and loan notes have been secured on a long term basis At 31 December 2011 only £4 1 million of borrowings were repayable on demand or within one year (2010 – £3 6 million) In contrast £9 8 million of borrowings are repayable after three years (2010 – £10 1 million)

Going concern

Aspen Pumps Limited is a trading company Management expects the trading of Aspen Pumps Limited and its subsidiary Big Foot Systems Limited to grow in 2012 and continue to generate positive cash flows sufficient to meet the day to day working capital requirements and the terms of the bank borrowings To manage the group's liquidity risk, the company has secured bank borrowings and loan notes on a long term basis

The company's forecast and projections, taking into account of reasonably possible changes in trading performances of the company and/or its subsidiaries, show that the company should be able to operate

Directors' report

Registered Number - 06120431

within the level of its current facilities The directors believe that the company is well placed to manage its business risks successfully, as detailed above, despite the challenging market conditions and have reasonable expectation that the company will be able to continue in operational existence for the foreseeable future Thus they continue to adopt the going concern basis of accounting in preparation of the annual financial statements

Directors

The directors who served the company during the year were as follows

S G Becker (Appointed 1st April 2011)
C S Hamilton
B Leach (Appointed 1st April 2011) (Resigned 6th March 2012)
H D W Middleton
A W Thompson
C C Thompson

Political and charitable contributions

During the year the company made the following contributions

	2011	*2010*
	£	£
Charitable	1,223	200

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware Having made enquiries of fellow directors and the company's auditor, the directors have taken all the steps that they are obliged to take as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

Auditors

In accordance with section 485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for reappointment of Ernst & Young LLP as auditor of the company

On behalf of the Board

Hamish Middleton
Director
Date 27/3/2012

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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 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 judgements 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 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Independent auditors' report

to the members of Aspen Pumps Limited

We have audited the financial statements of Aspen Pumps Limited the year ended 31 December 2011 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, and the related notes 1 to 25 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in 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 auditors

As explained more fully in the Statement of Directors' Responsibilities 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 (APB'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 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 Report and Financial Statements 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 the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profits for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

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

Independent auditors' report

to the members of Aspen Pumps 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, 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

Ernst & Young LLP

Julie Carlyle (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP (Statutory Auditor)
London

Date 28 March 2012

Profit and loss account

for the year ended 31 December 2011

	Notes	*2011* *£000*	*Restated* *2010* *£000*
Turnover	2	23,343	11,594
Cost of sales		(12,713)	(6,056)
Gross profit		10,630	5,538
Administrative expenses		(6,254)	(3,469)
Operating profit	3	4,376	2,069
Interest receivable and similar income	6	252	613
Interest payable and similar charges	7	(2,206)	(2,139)
Profit on ordinary activities before taxation		2,422	543
Tax (charge)/credit	8	(606)	22
Profit for the financial year	19	1,816	565

Statement of total recognised gains and losses

for the year ended 31 December 2011

There are no recognised gains or losses other than the profit attributable to the shareholders of the company of £1,816,000 in the year ended 31 December 2011 (2010 – £565,000)

Balance Sheet
at 31 December 2011

	Notes	2011 £000	2010 £000
Fixed assets			
Intangible assets	9	167	685
Tangible assets	10	1,197	1,166
Investments	11	25,347	25,347
		26,711	27,198
Current assets			
Stock	12	6,353	3,858
Debtors	13	3,181	4,053
Cash at bank and in hand		3,659	3,545
		13,193	11,456
Creditors: amounts falling due within one year	14	(11,772)	(9,953)
Net current assets		1,421	1,503
Total assets less current liabilities		28,132	28,701
Creditors: amounts falling due after more than one year	15	(21,352)	(23,328)
Provisions for liabilities	17	(735)	(818)
Net assets		6,045	4,555
Capital and reserves			
Called up share capital	18	–	–
Capital contribution	19	123	123
Profit and loss account	19	5,922	4,432
Shareholders' funds	19	6,045	4,555

Approved by the Directors and signed on their behalf by

Director

Name H. MIDDLETON

Date 27/3/2012

Notes to the financial statements

at 31 December 2011

1. Accounting policies

Basis of preparation and prior period adjustment

The financıal statements are prepared under the hıstorıcal cost conventıon and ın accordance wıth applıcable accountıng standards

In preparıng the financıal statements the company has restated the prıor year profit & loss account to exclude revenue earned by sıster company Bıg Foot Systems Lımıted Thıs revenue was ınvoıced to customers through Aspen Pumps Lımıted and then passed to Bıg Foot Systems Lımıted through ıntercompany transactıons As a result, thıs revenue was ıncorrectly recorded ın both companıes Followıng the restatement thıs revenue has been excluded from Aspen Pumps Lımıted to ensure that ıt ıs not accounted for ın both companıes The effect of thıs on the prıor year figures ıs a presentatıonal adjustment of £0 9 m between revenue and cost of sales, wıth no net effect on the result for the year

Group financıal statements

In accordance wıth the exemptıon allowed by sectıon 400 of the Companıes Act 2006, the company has not presented group financıal statements

Goıng concern

As dısclosed ın the dırectors report on pages 2-4, the financıal statements have been prepared on the goıng concern basıs, whıch assumes that the company wıll be able to meet ıts lıabılıtıes as and when they fall due for the foreseeable future

Statement of cash flows

The company has taken advantage of the exemptıon avaılable under FRS 1 not to prepare a statement of cash flows

Goodwıll

Goodwıll ıs the dıfference between the cost of an acquıred entıty and the aggregate of the faır value of that entıty's ıdentıfiable assets and lıabılıtıes

Posıtıve goodwıll ıs capıtalısed, classıfied as an asset on the balance sheet and amortısed on a straıght lıne basıs over ıts useful economıc lıfe It ıs revıewed for ımpaırment at the end of the first full financıal year followıng the acquısıtıon and ın other perıods ıf events or changes ın cırcumstances ındıcate that the carryıng value may not be recoverable Goodwıll arısıng on the acquısıtıon of Orchard Electronıc has been fully amortısed over a three years perıod from the acquısıtıon date 7Th September 2007

Intangıble fixed assets

Expendıture on software ıs stated at cost less accumulated amortısatıon Patents are stated at cost less accumulated amortısatıon whıch ıs charged over the effectıve lıfe of the patent

Amortısatıon ıs provıded on computer software ıncluded as ıntangıble assets at a rate of 33% straıght lıne per annum

Other ıdentıfiable ıntangıble assets have been recognısed at theır faır value on acquısıtıon

Amortısatıon ıs provıded on all ıntangıble fixed assets at rates calculated to wrıte off the valuatıon of each asset evenly over ıts expected useful lıfe

The carryıng value of ıntangıble assets ıs revıewed for ımpaırment at the end of the first full year followıng acquısıtıon and ın other perıods ıf events or changes ın cırcumstances ındıcate the carryıng value may not be recoverable

Notes to the financial statements

at 31 December 2011

1. Accounting policies (continued)

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses Such cost includes costs directly attributable to making the asset capable of operating as intended Borrowing costs attributable to assets under construction are recognised as an expense when incurred

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life, as follows

Leasehold improvements	–	20% straight line per annum
Plant and machinery	–	20% straight line per annum
Fixtures and fittings	–	15-33% straight line per annum

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable

Revenue recognition

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch

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 selling price less any further costs expected to be incurred to completion and disposal

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exception

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Notes to the financial statements

at 31 December 2011

1. Accounting policies (contınued)

Investments

Investments are stated at cost less accumulated ımpaırment losses

The carryıng values of fixed asset ınvestments are revıewed for ımpaırment when events or changes ın cırcumstances ındıcate the carryıng value may not be recoverable

Foreign currencies

Transactıons ın foreıgn currencıes are recorded at the rate rulıng at the date of the transactıon or at the contracted rate ıf the transactıon ıs covered by a forward foreıgn currency contract Monetary assets and lıabılıtıes denomınated ın foreıgn currencıes are retranslated at the rate of exchange rulıng at the balance sheet date or ıf approprıate at the forward contract rate All dıfferences are taken to the profit and loss account

Leasıng commitments

Rentals paıd under operatıng leases are charged to the profit and loss account on a straıght lıne basıs over the lease term

Pensıons

The company operates a defined contrıbutıon pensıon scheme Contrıbutıons are charged to the profit and loss account as they become payable ın accordance wıth the rules of the scheme

Derivatıve ınstruments

The company uses forward exchange contracts to mıtıgate exposure to foreıgn currency rısk and ınterest rates cap and swaps to mıtıgate exposure to ınterest rate rısk Gaıns or losses from utılısıng these ınstruments are ımplıcıtly recognısed at settlement date as the company has not adopted FRS26 – Fınancıal Instruments Recognıtıon and Measurement

Fınance costs

Fınance costs of debt are recognısed ın the profit and loss account over the term of such ınstruments at a constant rate on the carryıng amount

2. Turnover

An analysıs of Turnover by geographıcal market ıs gıven below

	2011	Restated 2010
	£000	£000
UK	6,114	3,321
Rest of Europe	10,026	4,330
Rest of World	3,831	1,397
External sales	19,971	9,048
Inter-company sales	3,372	2,546
	23,343	11,594

Notes to the financial statements

at 31 December 2011

3. Operating profit

This is stated after charging/

	2011	*2010*
	£000	*£000*
Auditors' remuneration	25	25

Depreciation of owned tangible assets	341	170
Amortisation of other intangible assets	575	561
Operating lease rentals – land and buildings	238	117
– other	59	20
Net loss on foreign currency transactions	–	36

Notes to the financial statements

at 31 December 2011

4. Directors' emoluments

	2011	*2010*
	£000	*£000*
Emoluments	633	276

The amounts ın respect of the hıghest paıd dırector are as follows

	2011	*2010*
	£000	*£000*
Emoluments	235	160

Dırectors of all group companıes are paıd by Aspen Pumps Lımıted Qualıfyıng servıces relatıng to other group companıes are dısclosed wıthın the ındıvıdual company financıal statements

5. Staff costs

	2011	*2010*
	£000	*£000*
Wages and salarıes	3,128	1,625
Socıal securıty costs	236	118
Other pensıon costs	42	20
	3,406	1,763

The average monthly number of employees durıng the perıod sınce acquısıtıon was made up as follows

	2011	*2010*
	No	*No*
Manufacturıng	50	49
Admınıstratıon	39	36
	89	85

Notes to the financial statements

at 31 December 2011

6. Interest receivable and similar income

	2011	*2010*
	£000	*£000*
Foreign exchange gain on retranslation of Euro denominated loan	251	613
Other interest receivable	1	–
	252	613

7. Interest payable and similar charges

	2011	*2010*
	£000	*£000*
Bank loans and overdrafts	770	686
Loan notes	1,207	1,185
Unwinding of finance discount	40	66
Amortisation of finance charges	189	202
	2,206	2,139

8. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows

	2011	*2010*
	£000	*£000*
Current tax		
UK corporation tax on the profit for the year	560	–
Total current tax (note 8(b))	560	–
Deferred tax		
Origination and reversal of timing differences (note 8(c))	46	(22)
Total deferred tax	46	(22)
Tax on profit on ordinary activities	606	(22)

Notes to the financial statements

at 31 December 2011

8. Tax (contınued)

(b) Factors affectıng current tax charge for the year

The tax assessed for the year ıs lower than the average rate of corporatıon tax ın the UK of 26 5% (2010 – standard rate 28%) The dıfferences are explaıned below

	2011	*2010*
	£000	*£000*
Profit on ordınary actıvıtıes before tax	2,422	543
Profit on ordınary actıvıtıes multıplıed by average rate of corporatıon tax ın the UK of 26 5% (2010 – standard rate 28%)	642	152
Effects of		
Expenses not deductıble for tax purposes	18	29
Other tımıng dıfferences	–	(8)
Capıtal allowances ın advance of depreciatıon	(16)	(27)
Group relıef surrendered for nıl consıderatıon	–	390
Utılısatıon of brought forward tax losses	(84)	–
Prıor year unrecognısed tax losses utılısed	–	(536)
Current tax for the year (note 8(a))	560	–

(c) Deferred tax

Deferred taxatıon recognısed ın the financıal statements ıs as follows

	2011	*2010*
	£000	*£000*
Depreciatıon ın (arrears)/advance of capıtal allowances	(24)	22
Deferred taxatıon (lıabılıty)/asset (note 14)	(24)	22

	£000
At 1 January 2011	22
Profit and loss account movement arısıng durıng the year (note 8(a))	(46)
At 31 December 2011	(24)

Notes to the financial statements

at 31 December 2011

8. Tax (continued)

Deferred taxation asset not provided are as follows

	Not provided	
	2011	*2010*
	£000	*£000*
Accelerated capital allowances	–	–
Losses carried forward	(563)	(631)
	(563)	(631)

Factors that may affect future tax charges

The Finance Act 2011 included legislation to reduce the main rate of corporation tax from 26% to 25% from 1 April 2012 As this change was substantively enacted on 5 July 2011 and therefore before the balance sheet date, deferred tax is recognised at 25% in the current period

On 21 March 2012, the Chancellor announced that the main rate of corporation tax will in fact reduce from 26% to 24% from 1 April 2012 With further reductions to the main rate to reduce the rate by 1% per annum to 22% by 1 April 2014

The effect on the company of further proposed reductions in the UK main rate of corporation tax will be reflected in the company's financial statements in future years, as appropriate, once the changes have been substantively enacted

The rate changes will also impact the amount of future tax payments to be made by the company

Notes to the financial statements

at 31 December 2011

9. Intangible fixed assets

	Software	*Goodwill*	*Patents trademarks and other intellectual property*	*Total*
	£000	*£000*	*£000*	*£000*
Cost				
At 1 January 2011	18	1,487	2,758	4,263
Transfers	43	–	14	57
At 31 December 2011	61	1,487	2,772	4,320
Amortisation				
At 1 January 2011	7	1,487	2,084	3,578
Provided during the year	12	–	563	575
At 31 December 2011	19	1,487	2,647	4,153
Net book value				
At 31 December 2011	42	–	125	167
At 1 January 2011	11	–	674	685

Notes to the financial statements

at 31 December 2011

10. Tangible fixed assets

	Leasehold buildings £000	*Plant and machinery £000*	*Fixtures, fittings and equipment £000*	*Assets under construction £000*	*Total £000*
Cost					
At 1 January 2011	368	674	169	191	1,402
Transfers	38	212	43	(350)	(57)
Additions	–	–	–	429	429
At 31 December 2011	406	886	212	270	1,774
Depreciation					
At 1 January 2011	43	171	22	–	236
Provided during the year	85	211	45	–	341
At 31 December 2011	128	382	67	–	577
Net book value					
At 31 December 2011	278	504	145	270	1,197
At 1 January 2011	325	503	147	191	1,166

11. Investments

	Subsidiary undertakings £000
Cost	
At 1 January 2011 and 31 December 2011	25,347

Investments comprise 100% of the issued share capital of Aspen Oldco Limited and Big Foot Systems Limited, both registered in England and involved in the design, manufacture and sale of products for the air conditioning industry

Following the acquisition of the trading assets and liabilities of Aspen Oldco Limited and the assets relating to the BBJ division of Big Foot Systems, all the trade remains within this group and as such the directors have reviewed the carrying values of the fixed asset investments for impairment and concluded that there are no events or changes in circumstances that indicate the carrying value may not be recoverable, as such the investments are carried at cost

Notes to the financial statements

at 31 December 2011

12. Stock

	2011	2010
	£000	£000
Raw materials and consumables	3,430	2,107
Finished goods and goods for resale	2,923	1,751
	6,353	3,858

13. Debtors

	2011	2010
	£000	£000
Trade debtors	2,912	2,742
Other receivables	50	599
Amounts owed by group undertakings	–	238
Deferred taxation (note 8c)	–	22
Prepayments and accrued income	219	452
	3,181	4,053

14. Creditors: amounts falling due within one year

	2011	2010
	£000	£000
Bank loans and overdrafts (note 16)	4,139	3,553
Trade creditors	1,550	2,018
Other taxes and social security costs	76	88
Amounts owed to group undertakings	4,202	3,293
Other creditors	153	224
Corporation Tax	560	–
Deferred taxation (note 8c)	24	–
Accruals	1,068	777
	11,772	9,953

15. Creditors: amounts falling due after more than one year

	2011	2010
	£000	£000
Bank loans (note 16)	12,518	14,934
Loan notes (note 16)	8,834	8,394
	21,352	23,328

Notes to the financial statements

at 31 December 2011

16. Loans and other borrowings

(a) Bank loans and overdrafts

The company has the following bank facilities which are secured by charges and debentures over the assets of the company and by debentures and guarantees given by fellow group undertakings

	2011	*2010*
	£000	*£000*
Bank overdraft	1,579	1,577
RCF	500	–
Euro loan facility A repayable by variable instalments until 2014	5,040	7,284
Euro loan facility B repayable in 2015	9,832	10,068
	16,951	18,929
Less unamortised issue costs	(294)	(442)
Total bank loans and overdrafts	16,657	18,487
Less included in creditors amounts falling due within one year	(4,139)	(3,553)
	12,518	14,934

The Euro loan facility A attracts interest at a rate of Euribor + 1 5% and the euro value of the outstanding balance at 31 December 2011 is €6,023,000 (2010 – €8,501,000) The Euro loan facility B attracts interest at a rate of Euribor + 2 0% and the euro value of the outstanding balance at 31 December 2011 is €11,749,000 (2010 – €11,749,000)

	2011	*2010*
	£000	*£000*
Amounts repayable		
In one year or less or on demand	4,139	3,553
Between one and two years	2,179	2,672
Between two and five years	10,339	12,262
	16,657	18,487
In more than five years	–	–
	16,657	18,487

The company has met all of its covenants in the current year

Notes to the financial statements

at 31 December 2011

16. Loans and other borrowings(continued)

(b) Loan notes

	2011	*2010*
	£000	*£000*
Principal amount	7,940	7,940
Accrued interest	985	587
Less unamortised issue costs	(91)	(133)
	8,834	8,394

These loan notes are secured by a debenture over the assets of the company and also by guarantees and debentures given by fellow group undertakings The loan notes are repayable in 2014 and accrue interest at a rate of 14 25%

17. Provisions for liabilities

Deferred consideration	*£000*
At 1 January 2011	818
Paid out	(409)
Provided	326
At 31 December 2011	735

Deferred consideration is payable under the terms of acquisition of the business of Orchard Electronic The final Fixed Deferred Consideration of £409,000 is payable in August 2012 and incurs interest at a rate of 5% A further amount of up to a maximum of £1,227,000 is payable on an Exit and achieving designated compound growth hurdle rates As of December 2011 the directors estimate that an amount of £326,000 will become payable on Exit as there is a strong likelihood that the designated compound growth hurdles will now be met

18. Issued share capital

		2011		*2010*
Allotted, called up and fully paid	*No*	*£000*	*No*	*£000*
Ordinary shares of £1 each	1	–	1	–

Notes to the financial statements

at 31 December 2011

19. Reconciliation of shareholders' funds and movements on reserves

	Share capital £000	*Capital contribution £000*	*Profit and loss account £000*	*Total share-holders' funds £*
At 1 January 2010	–	123	(6,837)	(6,714)
Profit for the year	–	–	565	565
Dividends received	–	–	10,704	10,704
At 1 January 2011	–	123	4,432	4,555
Contingent consideration provision	–	–	(326)	(326)
Profit for the year	–	–	1,816	1,816
At 31 December 2011	–	123	5,922	6,045

20. Derivatives and other financial instruments

The company's bank borrowings are subject to variable interest rates, which give a cash flow risk in relation to interest charges The company fixed its interest rate for using an interest rate swap which extended to December 2011

The currency risk on surplus inflows from short term trade receivables is managed through the use of forward foreign exchange contracts Contracts have been established to hedge the estimated Euro and US Dollar cash flow through to December 2012

At 31 December 2011 the mark to market valuations of the above derivatives are as set out below

	2011 £000	*2010 £000*
Forward contract asset	341	213
Rate swap liability	–	(142)

21. Pension commitments

The company operates a defined contribution pension scheme for its senior employees The assets of the scheme are held separately from those of the company in an independently administered fund There were no contributions outstanding to the pension scheme at either year end

22. Other financial commitments

At 31 December 2011 the company had annual commitments under non-cancellable operating leases as set out below

	2011		*2010*	
	Land and buildings £000	*Other £000*	*Land and buildings £000*	*Other £000*
Operating leases which expire				
In two to five years	238	59	238	46

Notes to the financial statements

at 31 December 2011

The company has entered into a cross guarantee of the bank borrowings of fellow subsidiaries which is secured by charges and a debenture over the assets of the company

23. Related party transactions

The company has taken advantage of the exemption available under FRS 8 not to disclose transactions with other members of the Pump Group Limited group on the basis the company is a wholly owned subsidiary undertaking and its results are included in group financial statements, which are publicly available

During the year the company entered into the following transactions with other related parties

Name of company	*Nature of transaction*	*2011* *£000*	*2010* *£000*
AB&B	Purchases	111	55
	Trade creditors	–	–
	Sales	–	–
Aspen AC Limited	Purchases	–	–
	Sales	32	6
	Trade debtors	4	4
Aspen Services Limited	Purchases	–	–
	Sales	8	6
BL Trading Property	Purchases	130	62
	Trade creditors	3	–
	Sales	–	39
	Trade debtors	–	46
ECM	Purchases	228	108
	Trade creditors	–	–
	Sales	109	39
	Trade debtors	15	46
Ian Stuart Ventures	Purchases	43	21
	Trade creditors	13	4
Inflexion	Purchases	204	62
	Trade creditors	38	16
Mellor Electrics Limited	Purchases	171	492
	Trade creditors	2	61
	Sales	9	73
	Trade debtors	–	–
Scorpion Automotive Limited	Purchases	297	220
	Trade creditors	7	37

B Leach was a director of the company and a shareholder in Pump Group Limited He is also a director and shareholder in Apex Manufacturing Limited and BMB Pumps Limited, a director of Aspen AC Limited, Aspen Electrical Limited and Aspen Service Limited and is a shareholder in those companies' holding company, Perbeck Holding Limited He is a partner in AB&B, has a significant holding in BL Trading Property, and is a shareholder in Mellor Electrics Limited

Notes to the financial statements

at 31 December 2011

24. Ultimate parent undertaking and controlling party

The immediate parent undertaking is the Pump Group Limited The directors consider the ultimate parent undertaking and controlling party to be Inflexion 2006 Buyout Fund Limited Partnership

The parent undertaking of the group of undertakings for which group financial statements are drawn up and of which the company is a member is The Pump Group Limited Copies of the financial statements can be obtained from Aspen Building, Apex Way, Hailsham, East Sussex, BN27 3WA

25. Events since the balance sheet date

On the 6th March 2012, Aspen Pumps Limited's immediate parent undertaking, The Pump Group Limited was acquired by PG Bidco Limited As a consequence of this acquisition, the Company restructured its loans and borrowings, all the current banking facilities held with Lloyds TSB Ltd were repaid in full, new banking facilities were entered into with Lloyds TSB Ltd, and the current funding through Loan notes were rolled up the group from Aspen Pumps Limited to PG Bidco Limited

Following the acquisition the ultimate parent undertaking and controlling party remained Inflexion 2006 Buyout Fund Limited Partnership

The new banking facilities are as follows

A Euro loan facility

- interest rate of Euribor + 4 25%
- value of the loan Facility on drawdown was €16,655,000
- repaid annually over 6 years from date of drawdown

B Euro loan facility

- interest rate of Euribor + 4 75%
- value of the facility on drawdown was €11,104,000
- bullet repayment on 7th anniversary of drawdown