

Company Registration No. 00550374 (England and Wales)

AIRFLOW DEVELOPMENTS LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

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DIRECTORS AND ADVISERS

Directors	A Siggins G Mueller J Mueller
Secretary	G Mueller
Company number	00550374
Registered office	Lancaster Road High Wycombe Buckinghamshire HP12 3QP
Registered auditors	HW Sterling House 5 Buckingham Place Bellfield Road West High Wycombe Buckinghamshire HP13 5HQ
Business address	Lancaster Road High Wycombe Buckinghamshire HP12 3QP
Bankers	HSBC Bank PLC 1 Corn Market High Wycombe Buckinghamshire HP11 2AY

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AIRFLOW DEVELOPMENTS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2010

The directors present their report and financial statements for the year ended 31 December 2010

Principal activities and review of the business

The principal activity of the group continued to be the manufacture and distribution of air moving equipment

The company regards the key performance indicators as being the following

Sales were £11.3 million for the year compared to £9.5 million in 2009, an increase of nearly 19% mainly due to higher sales of domestic fans in the UK and heat recovery systems in Germany

Margins decreased by 1.4 percentage points due to the competitive marketplace and the sales mix

Expenses were 6.3% higher than 2009 mainly due to increases in selling and marketing costs and depreciation charges

As a result of the above Operating Profit at £626,745 was £393,821 higher than the previous year Profit before tax at £607,026 was £388,575 higher than last year

Cash balances at year end stood at £941,000, a decrease of £620k on the previous year end due to higher debtors, reflecting the strong fourth quarter sales, and an increase in stocks of £374k, a result of the deliberate strategy to improve customer service

Results and dividends

The consolidated profit and loss account for the year is set out on page 5

The results for the year are set out on page 5 The directors do not recommend the payment of a dividend

Future developments

The company continues to develop new products to extend its range and also to meet new, stringent building regulations

The directors are confident that the recent investments that have been made in people, products, facilities and marketing will lead to increased sales volumes

Directors

The following directors have held office since 1 January 2010

A Siggins

G Mueller

J Mueller

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2010

Statement of directors' responsibilities

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 of 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 judgements and accounting 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 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.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the group's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the group's auditors are aware of that information.

On behalf of the board


A Siggins
Director
20/9/11

➤ AIRFLOW DEVELOPMENTS LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF AIRFLOW DEVELOPMENTS LIMITED

We have audited the group and parent company financial statements (the "financial statements") of Airflow Developments Limited for the year ended 31 December 2010 set out on pages 5 to 23. 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 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 set out on page 1, 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 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.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and parent company's affairs as at 31 December 2010 and of the group's profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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.

➤ AIRFLOW DEVELOPMENTS LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF AIRFLOW DEVELOPMENTS 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

Colin Fletcher (Senior Statutory Auditor)
for and on behalf of HW

22 September 2011

Chartered Accountants
Statutory Auditor

Sterling House
5 Buckingham Place
Bellfield Road West
High Wycombe
Buckinghamshire
HP13 5HQ

AIRFLOW DEVELOPMENTS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT **FOR THE YEAR ENDED 31 DECEMBER 2010**

	Notes	2010 £	2009 £
Turnover	2	11,280,433	9,489,449
Cost of sales		(6,184,650)	(5,071,817)
Gross profit		5,095,783	4,417,632
Administrative expenses		(4,667,589)	(4,390,958)
Other operating income		198,551	206,250
Operating profit	3	626,745	232,924
Other interest receivable and similar income		-	6,585
Interest payable and similar charges	4	(19,719)	(21,058)
Profit on ordinary activities before taxation		607,026	218,451
Tax on profit on ordinary activities	5	(200,005)	(88,292)
Profit on ordinary activities after taxation		407,021	130,159

The profit and loss account has been prepared on the basis that all operations are continuing operations

STATEMENT OF RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2010

	2010 £	2009 £
Profit for the financial year	407,021	130,159
Currency translation differences on foreign currency net investments	18,801	(98,153)
Total recognised gains and losses relating to the year	<u>425,822</u>	<u>32,006</u>

AIRFLOW DEVELOPMENTS LIMITED

BALANCE SHEETS

AS AT 31 DECEMBER 2010

	Notes	Group 2010 £	2009 £	Company 2010 £	2009 £
Fixed assets					
Tangible assets	7	662,307	787,873	623,699	754,960
Investments	8	-	-	70,892	70,892
		<u>662,307</u>	<u>787,873</u>	<u>694,591</u>	<u>825,852</u>
Current assets					
Stocks	9	1,592,780	1,218,572	1,017,602	671,153
Debtors	10	2,622,933	2,096,818	1,710,853	1,415,755
Cash at bank and in hand		941,116	1,561,700	594,102	1,102,767
		<u>5,156,829</u>	<u>4,877,090</u>	<u>3,322,557</u>	<u>3,189,675</u>
Creditors' amounts falling due within one year	11	<u>(889,720)</u>	<u>(1,173,318)</u>	<u>(647,605)</u>	<u>(727,012)</u>
Net current assets		<u>4,267,109</u>	<u>3,703,772</u>	<u>2,674,952</u>	<u>2,462,663</u>
Total assets less current liabilities		<u>4,929,416</u>	<u>4,491,645</u>	<u>3,369,543</u>	<u>3,288,515</u>
Creditors, amounts falling due after more than one year	12	<u>(287,256)</u>	<u>(335,295)</u>	<u>(287,160)</u>	<u>(320,973)</u>
Provisions for liabilities	13	<u>(455,818)</u>	<u>(395,830)</u>	<u>(49,164)</u>	<u>(50,387)</u>
		<u>4,186,342</u>	<u>3,760,520</u>	<u>3,033,219</u>	<u>2,917,155</u>
Capital and reserves					
Called up share capital	15	52,380	52,380	52,380	52,380
Other reserves	16	740,000	740,000	740,000	740,000
Profit and loss account	16	3,393,962	2,968,140	2,240,839	2,124,775
Shareholders' funds	17	<u>4,186,342</u>	<u>3,760,520</u>	<u>3,033,219</u>	<u>2,917,155</u>

Approved by the Board and authorised for issue on

20/9/11

A Higgins
Director

Company Registration No. 00550374

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2010

	£	2010 £	£	2009 £
Net cash (outflow)/inflow from operating activities		(295,138)		411,014
Returns on investments and servicing of finance				
Interest received	-		6,585	
Interest paid	(19,719)		(21,058)	
Net cash outflow for returns on investments and servicing of finance		(19,719)		(14,473)
Taxation		(212,454)		(31,144)
Capital expenditure				
Payments to acquire tangible assets	(64,314)		(332,536)	
Receipts from sales of tangible assets	-		2,300	
Net cash outflow for capital expenditure		(64,314)		(330,236)
Net cash (outflow)/inflow before management of liquid resources and financing		(591,625)		35,161
Financing				
Other new short term loans	19,080		-	
Repayment of long term bank loan	(48,039)		(48,607)	
Net cash outflow from financing		(28,959)		(48,607)
Decrease in cash in the year		(620,584)		(13,446)

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2010**

1	Reconciliation of operating profit to net cash (outflow)/inflow from operating activities	2010	2009
		£	£
	Operating profit	626,745	232,924
	Depreciation of tangible assets	189,879	124,920
	Profit on disposal of tangible assets	-	(2,300)
	(Increase)/decrease in stocks	(374,208)	167,217
	(Increase)/decrease in debtors	(580,017)	244,005
	Decrease in creditors within one year	(236,326)	(242,368)
	Net effect of foreign exchange differences	18,801	(98,153)
	Increase in pension provision	31,429	19,231
	Other reserve movement	28,559	(34,462)
	Net cash (outflow)/inflow from operating activities	(295,138)	411,014

2	Analysis of net funds	1 January 2010	Cash flow	Other non-cash changes	31 December 2010
		£	£	£	£
	Net cash				
	Cash at bank and in hand	1,561,700	(620,584)	-	941,116
	Debts falling due within one year	-	(19,080)	-	(19,080)
	Debts falling due after one year	(335,295)	48,039	-	(287,256)
		(335,295)	28,959	-	(306,336)
	Net funds	1,226,405	(591,625)	-	634,780

3	Reconciliation of net cash flow to movement in net funds	2010	2009
		£	£
	Decrease in cash in the year	(620,584)	(13,446)
	Cash outflow from decrease in debt	28,959	48,607
	Movement in net funds in the year	(591,625)	35,161
	Opening net funds	1,226,405	1,191,244
	Closing net funds	634,780	1,226,405

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

1.3 Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 December 2010. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. Intra-group sales and profits are eliminated fully on consolidation. No profit and loss account has been presented for Airflow Developments Limited as permitted by Section 408 of the Companies Act 2006.

1.4 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.5 Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life.

1.6 Research and development

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit.

1.7 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Freehold	2% Straight line
Plant and machinery	10% Straight line or over the life of the asset
Fixtures, fittings & equipment	10%/12.5%/20% Straight line or over the life of the asset
Motor vehicles	25% Straight line

1.8 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.9 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.10 Stock

Stock is valued at the lower of cost and net realisable value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2010

1 Accounting policies **(continued)**

1.11 Pensions

The Group operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

1.12 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1.13 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

Assets and liabilities of overseas subsidiaries are translated at the rate ruling at the balance sheet date and the trading figures are translated at the average exchange rate for the year. Exchange differences arising are dealt with through reserves.

2 Turnover

The total turnover of the group for the year has been derived from its principal activity.

Segmental analysis by geographical area

The analysis by geographical area of the group's turnover is set out as below:

	2010	2009
	£	£
Geographical segment		
UK	5,090,032	4,294,870
Overseas	6,190,401	5,194,579
	<u>11,280,433</u>	<u>9,489,449</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2010

3	Operating loss	2010	2009
		£	£
	Operating loss is stated after charging		
	Depreciation of tangible assets	189,880	124,920
	Loss on foreign exchange transactions	3,110	39,297
	Research and development	59,178	18,493
	Operating lease rentals	230,173	268,752
	Fees payable to the group's auditor for the audit of the group's annual accounts (company £8,500, 2009 £8,500)	8,500	8,500
	and after crediting		
	Profit on disposal of tangible assets	-	(2,300)
	Profit on foreign exchange transactions	(6,676)	(4,596)
		<u> </u>	<u> </u>
4	Interest payable	2010	2009
		£	£
	Other interest	19,719	21,058
		<u> </u>	<u> </u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2010

5	Taxation	2010	2009
		£	£
	Domestic current year tax		
	U K corporation tax	-	4,450
	Foreign corporation tax		
	Foreign corporation tax	146,104	61,517
	Total current tax	146,104	65,967
	Deferred tax		
	Deferred tax charge/credit current year	53,901	22,325
		200,005	88,292
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	607,026	218,451
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28.00% (2009 - 28.00%)	169,967	61,166
	Effects of		
	Non deductible expenses	2,397	374
	Depreciation add back	48,408	33,148
	Capital allowances	(21,560)	(26,423)
	Tax losses utilised	(79,315)	(22,961)
	Overseas tax adjustments	26,207	21,499
	Profit on disposals	-	(644)
	Other tax adjustments	-	(192)
		(23,863)	4,801
	Current tax charge for the year	146,104	65,967

The company has estimated losses of £ 870,819 (2009 - £ 1,124,235) available for carry forward against future trading profits

6 Profit for the financial year

As permitted by section 408 Companies Act 2006, the holding company's profit and loss account has not been included in these financial statements. The profit for the financial year is made up as follows

	2010	2009
	£	£
Holding company's profit for the financial year	116,064	41,697

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2010

7 Tangible fixed assets

Group

	Land and buildings Freehold	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 January 2010	364,580	161,018	1,759,654	31,205	2,316,457
Additions	-	1,891	62,423	-	64,314
Disposals	-	-	(237,876)	-	(237,876)
At 31 December 2010	364,580	162,909	1,584,201	31,205	2,142,895
Depreciation					
At 1 January 2010	86,834	156,528	1,254,017	31,205	1,528,584
On disposals	-	-	(237,876)	-	(237,876)
Charge for the year	7,476	1,912	180,492	-	189,880
At 31 December 2010	94,310	158,440	1,196,633	31,205	1,480,588
Net book value					
At 31 December 2010	270,270	4,469	387,568	-	662,307
At 31 December 2009	277,746	4,490	505,637	-	787,873

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2010

Tangible fixed assets

Company

	Land and buildings Freehold	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 January 2010	355,293	62,022	1,679,600	18,888	2,115,803
Additions	-	-	41,624	-	41,624
Disposals	-	-	(235,083)	-	(235,083)
At 31 December 2010	355,293	62,022	1,486,141	18,888	1,922,344
Depreciation					
At 1 January 2010	84,592	60,607	1,196,756	18,888	1,360,843
On disposals	-	-	(235,083)	-	(235,083)
Charge for the year	6,951	1,415	164,519	-	172,885
At 31 December 2010	91,543	62,022	1,126,192	18,888	1,298,645
Net book value					
At 31 December 2010	263,750	-	359,949	-	623,699
At 31 December 2009	270,701	1,415	482,844	-	754,960

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2010

8 Fixed asset investments

Company

	Shares in group undertakings £
Cost	
At 1 January 2010 & at 31 December 2010	70,892
Net book value	
At 31 December 2010	70,892
At 31 December 2009	70,892

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies

Company	Country of registration or incorporation	Shares held	
		Class	%
Subsidiary undertakings			
Airflow Lufttechnik GmbH	Germany	Ordinary	100

The principal activity of Airflow Lufttechnik GmbH is similar to that of Airflow Developments Limited

9 Stocks

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Finished goods and goods for resale	1,592,780	1,218,572	1,017,602	671,153

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2010

10 Debtors

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Trade debtors	1,830,691	1,259,340	1,270,992	882,198
Amounts owed by group undertakings	-	-	27,714	101,575
Other debtors	348,126	384,149	700	(285)
Prepayments and accrued income	215,012	170,323	182,343	149,261
Deferred tax asset (see note 13)	229,104	283,006	229,104	283,006
	<u>2,622,933</u>	<u>2,096,818</u>	<u>1,710,853</u>	<u>1,415,755</u>

The deferred tax asset is recoverable after more than one year

11 Creditors amounts falling due within one year

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Bank loans and overdrafts	19,080	-	-	-
Trade creditors	298,312	597,772	277,160	397,344
Amounts owed to group undertakings	-	-	18,000	16,800
Corporation tax	78,654	145,005	1,478	714
Taxes and social security costs	269,642	116,087	160,268	116,087
Other creditors	9,138	19,336	9,138	19,336
Accruals and deferred income	214,894	295,118	181,561	176,731
	<u>889,720</u>	<u>1,173,318</u>	<u>647,605</u>	<u>727,012</u>

12 Creditors amounts falling due after more than one year

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Bank loans	287,256	335,295	-	-
Amounts owed to group undertakings	-	-	287,160	320,973
	<u>-</u>	<u>-</u>	<u>287,160</u>	<u>320,973</u>

The bank loan is secured by a fixed and floating charge over the assets of Airflow Developments Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2010

13 Provisions for liabilities

Group

	German pension provision £	Warranty Provision £	Total £
Balance at 1 January 2010	275,007	120,823	395,830
Profit and loss account	31,429	28,559	59,988
Balance at 31 December 2010	<u>306,436</u>	<u>149,382</u>	<u>455,818</u>

Company

Balance at 1 January 2010	-	50,387	50,387
Profit and loss account	-	(1,223)	(1,223)
Balance at 31 December 2010	<u>-</u>	<u>49,164</u>	<u>49,164</u>

The deferred tax asset (included in debtors, note 10) is made up as follows

	Group 2010 £	Company 2010 £
Balance at 1 January 2010	(283,006)	(283,006)
Profit and loss account	53,901	53,901
Balance at 31 December 2010	<u>(229,104)</u>	<u>(229,104)</u>

	2010 £	Group 2009 £	Company 2010 £	2009 £
Accelerated capital allowances	14,724	31,780	14,724	31,780
Tax losses available	(243,828)	(314,786)	(243,828)	(314,786)
	<u>(229,104)</u>	<u>(283,006)</u>	<u>(229,104)</u>	<u>(283,006)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2010

14 Pension and other post-retirement benefit commitments

Defined contribution

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund.

	2010	2009
	£	£
Contributions payable by the group for the year	349,636	280,496

15 Share capital

	2010	2009
	£	£
Allotted, called up and fully paid		
52,380 Ordinary shares of £1 each	52,380	52,380

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2010

16 Statement of movements on reserves
Group

	Other reserves (see below) £	Profit and loss account £
Balance at 1 January 2010	740,000	2,968,140
Profit for the year	-	407,021
Foreign currency translation differences	-	18,801
Balance at 31 December 2010	<u>740,000</u>	<u>3,393,962</u>

Other reserves

Capital redemption reserve

Balance at 1 January 2010 & at 31 December 2010	<u>740,000</u>
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Company

	Other reserves (see below) £	Profit and loss account £
Balance at 1 January 2010	740,000	2,124,775
Profit for the period	-	116,064
Balance at 31 December 2010	<u>740,000</u>	<u>2,240,839</u>

Other reserves

Capital redemption reserve

Balance at 1 January 2010 & at 31 December 2010	<u>740,000</u>
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2010

17 Reconciliation of movements in shareholders' funds	2010	2009
	£	£
Group		
Profit for the financial year	407,021	130,159
Other recognised gains and losses	18,801	(98,153)
	<hr/>	<hr/>
Net addition to shareholders' funds	425,822	32,006
Opening shareholders' funds	3,760,520	3,728,514
	<hr/>	<hr/>
Closing shareholders' funds	<u>4,186,342</u>	<u>3,760,520</u>
	2010	2009
	£	£
Company		
Profit for the financial year	116,064	41,697
Opening shareholders' funds	2,917,155	2,875,458
	<hr/>	<hr/>
Closing shareholders' funds	<u>3,033,219</u>	<u>2,917,155</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2010

18 Financial commitments

At 31 December 2010 the group had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	2010	2009	2010	2009
	£	£	£	£
Expiry date				
Within one year	-	-	6,768	-
Between two and five years	-	-	69,524	86,682
In over five years	235,333	235,333	-	-
	<u>235,333</u>	<u>235,333</u>	<u>76,292</u>	<u>86,682</u>

At 31 December 2010 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	2010	2009	2010	2009
	£	£	£	£
Expiry date				
Within one year	-	-	6,768	-
Between two and five years	-	-	69,524	86,682
In over five years	235,333	235,333	-	-
	<u>235,333</u>	<u>235,333</u>	<u>76,292</u>	<u>86,682</u>

19 Directors' remuneration

	2010	2009
	£	£
Remuneration for qualifying services	<u>81,000</u>	<u>77,475</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2010

20 Employees

Number of employees

The average monthly number of employees (including directors) during the year was

	2010 Number	2009 Number
Manufacturing	14	14
Non-manufacturing	55	58
	<u>69</u>	<u>72</u>

Employment costs

	2010 £	2009 £
Wages and salaries	2,483,776	2,179,582
Social security costs	114,813	116,253
Other pension costs	349,636	280,496
	<u>2,948,225</u>	<u>2,576,331</u>

21 Control

The ultimate holding company is Top Air A G , a company registered in Germany