

REGISTERED NUMBER: 01726619 (England and Wales)

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010
FOR
FOCAL POINT FIRES PLC**

Scodie Deyong LLP
Chartered Accountants
Registered Auditors
2nd Floor
85 Frampton Street
London
NW8 8NQ

THURSDAY



A64
"AYKQ1VFT"
30/06/2011
COMPANIES HOUSE

77

FOCAL POINT FIRES PLC (REGISTERED NUMBER: 01726619)

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

	Page
Company Information	1
Chairman's Report	2
Report of the Directors	3
Report of the Independent Auditors	5
Profit and Loss Account	6
Balance Sheet	7
Cash Flow Statement	8
Notes to the Cash Flow Statement	9
Notes to the Financial Statements	11

FOCAL POINT FIRES PLC

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2010**

DIRECTORS:

I B Mitchell Esq
C J Richards Esq
M Moody Esq
R Stokes Esq

SECRETARY:

M Moody Esq

REGISTERED OFFICE:

2nd Floor
85 Frampton Street
London
NW8 8NQ

REGISTERED NUMBER:

01726619 (England and Wales)

AUDITORS:

Scodie Deyong LLP
Chartered Accountants
Registered Auditors
2nd Floor
85 Frampton Street
London
NW8 8NQ

**CHAIRMAN'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2010**

2010 has been another challenging year within the fireplace industry and we estimate that the market declined by approximately 25% against 2009. Inevitably, as a result of this, the industry experienced a contraction and consolidation within the market place which enabled the company to further increase its market share. It is therefore, a significant achievement that sales were only marginally down on 2009.

There is no doubt that the current economic conditions continued to have an adverse effect on consumer spending patterns. With this in mind, the cautious approach adopted by management to the budgetary process at the beginning of the year provided the focus in ensuring that costs were kept to a minimum, opportunities for growth were maximised and product development continued unabated.

Our continued focus has been to drive down cost and this has been achieved through careful stock management and product design which resulted in a 1.2% improvement to the gross margin.

Looking forward to 2011, with the government persevering with their austerity plans to reduce the budget deficit it is expected to be another challenging year for the consumer. With the implementation of the VAT increase, rising unemployment, fuel and commodity price increases, these factors combined will have a detrimental effect on the market. With this in mind, we have focused our attentions to increase our UK and overseas customer base. This we have achieved through a trading agreement with an additional key UK retailer as well as entering into a strategic 10 year Joint Venture Agreement with a well-established US company to market, develop and introduce new innovative products to the North American and Canadian Markets.

Our disciplined approach to the factors affecting our business will continue to ensure that we will be well positioned to confront the challenges and ensure that we remain at the forefront of the Fireplace Industry.



Ivor B Mitchell
Executive Chairman

FOCAL POINT FIRES PLC (REGISTERED NUMBER: 01726619)

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2010**

The directors present their report with the financial statements of the company for the year ended 31 December 2010

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the manufacture and sale of gas fires and electrical appliances

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the financial statements

DIVIDENDS

An interim dividend of £12 20 per share was paid during the year. The directors recommend that no final dividend be paid

RESEARCH AND DEVELOPMENT

The company continues to invest in the development of new products

DIRECTORS

The directors during the year under review were

I B Mitchell Esq	
C J Richards Esq	
A Southall Esq	- resigned 19 3 2010
M Moody Esq	
R Stokes Esq	

The beneficial interests of the directors holding office on 31 December 2010 in the issued share capital of the company were as follows

	31 12 10	1 1 10
Ordinary £1 shares		
I B Mitchell Esq	38,000	38,000
C J Richards Esq	2,000	2,000
M Moody Esq	-	-
R Stokes Esq	-	-

A Pryke Esq who resigned as a company director on 31 December 2009 holds 10,000 Ordinary shares of £1 in the share capital of the company

COMPANY'S POLICY ON PAYMENT OF CREDITORS

It is the company's policy to settle approved invoices from independent suppliers, by the end of the month following the month of approval, or in accordance with specific terms where these have been agreed at the time of determination of the terms of each transaction. The company takes on average 90 days to pay its suppliers

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2010**

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 accounting estimates that are reasonable and prudent,
- state whether applicable 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Scodie Deyong LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD.



M Moody Esq. Secretary

27 June 2011

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF FOCAL POINT FIRES PLC

We have audited the financial statements of Focal Point Fires Plc for the year ended 31 December 2010 on pages six to twenty. 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 a Report of the Auditors 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 pages three and four, 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 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 company's affairs as at 31 December 2010 and of its 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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



L S Deyong FCA (Senior Statutory Auditor)
for and on behalf of Scodie Deyong LLP
Chartered Accountants
Registered Auditors
2nd Floor
85 Frampton Street
London
NW8 8NQ

27 June 2011

FOCAL POINT FIRES PLC (REGISTERED NUMBER: 01726619)**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2010**

	Notes	2010 £	2009 £
TURNOVER	2	14,772,385	14,816,462
Cost of sales		<u>8,639,686</u>	<u>8,842,606</u>
GROSS PROFIT		6,132,699	5,973,856
Administrative expenses		<u>5,935,651</u>	<u>5,711,707</u>
		197,048	262,149
Other operating income		<u>44,913</u>	<u>38,690</u>
OPERATING PROFIT	4	241,961	300,839
Exceptional items		<u>-</u>	<u>155,000</u>
		241,961	145,839
Interest receivable and similar income		<u>-</u>	<u>8,850</u>
		241,961	154,689
Interest payable and similar charges	5	<u>148,387</u>	<u>153,155</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		93,574	1,534
Tax on profit on ordinary activities	6	<u>41,764</u>	<u>19,941</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		51,810	(18,407)
Retained profit brought forward		<u>949,423</u>	<u>967,830</u>
		1,001,233	949,423
Dividends	7	<u>(122,000)</u>	<u>-</u>
RETAINED PROFIT CARRIED FORWARD		<u>879,233</u>	<u>949,423</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous year

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profit for the current year and the loss for the previous year


The notes form part of these financial statements

FOCAL POINT FIRES PLC (REGISTERED NUMBER: 01726619)

**BALANCE SHEET
31 DECEMBER 2010**

	Notes	2010 £	2009 £
FIXED ASSETS			
Intangible assets	8	679,215	786,531
Tangible assets	9	872,690	947,663
Investments	10	<u>12,500</u>	<u>12,500</u>
		1,564,405	1,746,694
CURRENT ASSETS			
Stocks	11	1,682,298	1,565,120
Debtors	12	2,042,260	2,130,083
Cash at bank and in hand		<u>29,005</u>	<u>95,376</u>
		3,753,563	3,790,579
CREDITORS			
Amounts falling due within one year	13	<u>4,203,793</u>	<u>4,343,423</u>
NET CURRENT LIABILITIES		<u>(450,230)</u>	<u>(552,844)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,114,175	1,193,850
CREDITORS			
Amounts falling due after more than one year	14	(59,054)	(69,855)
PROVISIONS FOR LIABILITIES	18	<u>(125,888)</u>	<u>(124,572)</u>
NET ASSETS		<u>929,233</u>	<u>999,423</u>
CAPITAL AND RESERVES			
Called up share capital	19	50,000	50,000
Profit and loss account		<u>879,233</u>	<u>949,423</u>
SHAREHOLDERS' FUNDS	22	<u>929,233</u>	<u>999,423</u>

The financial statements were approved by the Board of Directors on 27 June 2011 and were signed on its behalf by


T B Mitchell Esq - Director

C J Richards Esq - Director



The notes form part of these financial statements

FOCAL POINT FIRES PLC (REGISTERED NUMBER: 01726619)

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2010**

	Notes	2010 £	2009 £
Net cash inflow from operating activities	1	710,007	586,841
Returns on investments and servicing of finance	2	(148,387)	(144,305)
Taxation		(23,651)	(2,626)
Capital expenditure	2	(343,987)	(344,714)
Equity dividends paid		(122,000)	-
		71,982	95,196
Financing	2	(439,102)	67,986
(Decrease)/Increase in cash in the period		<u>(367,120)</u>	<u>163,182</u>
Reconciliation of net cash flow to movement in net debt	3		
(Decrease)/Increase in cash in the period		(367,120)	163,182
Cash outflow from decrease in debt and lease financing		<u>280,167</u>	<u>174,442</u>
Change in net debt resulting from cash flows		(86,953)	337,624
New finance leases		<u>(56,724)</u>	<u>(100,516)</u>
Movement in net debt in the period		(143,677)	237,108
Net debt at 1 January		<u>(674,727)</u>	<u>(911,835)</u>
Net debt at 31 December		<u>(818,404)</u>	<u>(674,727)</u>

The notes form part of these financial statements

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

1 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2010	2009
	£	£
Operating profit	241,961	300,839
Depreciation charges	576,259	635,254
Loss on disposal of fixed assets	6,742	13,767
Exceptional items	-	(155,000)
(Increase)/Decrease in stocks	(117,178)	642,154
Decrease/(Increase) in debtors	246,757	(232,989)
Decrease in creditors	<u>(244,534)</u>	<u>(617,184)</u>
Net cash inflow from operating activities	<u>710,007</u>	<u>586,841</u>

2 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2010	2009
	£	£
Returns on investments and servicing of finance		
Interest received	-	8,850
Interest paid	(138,269)	(141,033)
Interest element of hire purchase payments	<u>(10,118)</u>	<u>(12,122)</u>
Net cash outflow for returns on investments and servicing of finance	<u>(148,387)</u>	<u>(144,305)</u>
Capital expenditure		
Purchase of intangible fixed assets	(286,330)	(333,353)
Purchase of tangible fixed assets	(57,657)	(19,231)
Sale of tangible fixed assets	<u>-</u>	<u>7,870</u>
Net cash outflow for capital expenditure	<u>(343,987)</u>	<u>(344,714)</u>
Financing		
Factor account repayments	(215,973)	(100,951)
Capital repayments in year	(64,195)	(73,488)
Amount introduced/(withdrawn) by directors	<u>(158,934)</u>	<u>242,425</u>
Net cash (outflow)/inflow from financing	<u>(439,102)</u>	<u>67,986</u>

The notes form part of these financial statements

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

3 ANALYSIS OF CHANGES IN NET DEBT

	At 1 1 10 £	Cash flow £	Other non-cash changes £	At 31 12 10 £
Net cash				
Cash at bank and in hand	95,376	(66,371)		29,005
Bank overdraft	<u>-</u>	<u>(300,749)</u>		<u>(300,749)</u>
	<u>95,376</u>	<u>(367,120)</u>		<u>(271,744)</u>
Debt				
Hire purchase	(123,205)	64,195	(56,724)	(115,734)
Debts falling due within one year	<u>(646,898)</u>	<u>215,972</u>	<u>-</u>	<u>(430,926)</u>
	<u>(770,103)</u>	<u>280,167</u>	<u>(56,724)</u>	<u>(546,660)</u>
Total	<u>(674,727)</u>	<u>(86,953)</u>	<u>(56,724)</u>	<u>(818,404)</u>

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

1 ACCOUNTING POLICIES

Accounting convention

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

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax

Goodwill

Acquired goodwill is capitalised and retained at cost in the financial statements

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter

Short leasehold and improvements	- evenly over the period of lease
Plant and machinery	- 25% on a reducing balance basis
Fixtures and fittings	- 25% on a reducing balance basis
Motor vehicles	- 25% on a reducing balance basis

Stocks

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

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date

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 four years on a straight line basis.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

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

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2010

1 ACCOUNTING POLICIES - continued

Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The subsidiary undertaking has not commenced trading and is dormant at the balance sheet date. The company has therefore taken advantage of the exemptions provided by section 405 of the Companies Act 2006 not to prepare group accounts on the basis of immateriality.

Investments

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

2 TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below.

	2010 £	2009 £
United Kingdom	14,650,573	14,551,829
European Union	65,909	214,119
USA	55,903	50,514
	<u>14,772,385</u>	<u>14,816,462</u>

3 STAFF COSTS

	2010 £	2009 £
Wages and salaries	2,028,728	1,926,927
Social security costs	155,379	143,568
	<u>2,184,107</u>	<u>2,070,495</u>

The average monthly number of employees during the year was as follows.

	2010	2009
Production	64	61
Sales	3	6
Administration	10	15
	<u>77</u>	<u>82</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2010**

4 OPERATING PROFIT

The operating profit is stated after charging/(crediting)

	2010 £	2009 £
Other operating leases	358,276	176,084
Depreciation - owned assets	142,715	178,650
Depreciation - assets on hire purchase contracts	39,896	26,399
Loss on disposal of fixed assets	6,742	13,767
Development expenditure amortisation	393,647	430,206
Auditors' remuneration	24,000	24,000
Research and development cost capitalised	(244,016)	(287,691)
Hire of equipment	<u>14,896</u>	<u>14,896</u>

Directors' remuneration	<u>464,317</u>	<u>306,320</u>
-------------------------	----------------	----------------

The number of directors to whom retirement benefits were accruing was as follows

Money purchase schemes	<u>1</u>	<u>1</u>
------------------------	----------	----------

Information regarding the highest paid director is as follows

	2010 £	2009 £
Emoluments etc	<u>210,000</u>	<u>78,242</u>

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2010 £	2009 £
Bank interest	34,244	34,535
Factoring interest	12,563	13,641
Other interest	91,462	92,857
Hire purchase	<u>10,118</u>	<u>12,122</u>
	<u>148,387</u>	<u>153,155</u>

6 TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows

	2010 £	2009 £
Current tax		
UK corporation tax	40,448	23,651
Deferred tax	<u>1,316</u>	<u>(3,710)</u>
Tax on profit on ordinary activities	<u>41,764</u>	<u>19,941</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2010

6 TAXATION - continued

Factors affecting the tax charge

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below

	2010 £	2009 £
Profit on ordinary activities before tax	<u>93,574</u>	<u>1,534</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21% (2009 - 21%)	19,651	322
Effects of		
Non deductible expenses	2,371	570
Depreciation	121,015	133,403
Capital allowances	(102,589)	(110,613)
Other tax adjustments	<u>-</u>	<u>(31)</u>
Current tax charge	<u>40,448</u>	<u>23,651</u>

7 DIVIDENDS

	2010 £	2009 £
Ordinary shares of £1 each		
Interim	<u>122,000</u>	<u>-</u>

8 INTANGIBLE FIXED ASSETS

	Goodwill £	Development expenditure £	Totals £
COST			
At 1 January 2010	3,500	1,639,716	1,643,216
Additions	-	286,330	286,330
Disposals	<u>-</u>	<u>(444,564)</u>	<u>(444,564)</u>
At 31 December 2010	<u>3,500</u>	<u>1,481,482</u>	<u>1,484,982</u>
AMORTISATION			
At 1 January 2010	-	856,684	856,684
Amortisation for year	-	393,647	393,647
Eliminated on disposal	<u>-</u>	<u>(444,564)</u>	<u>(444,564)</u>
At 31 December 2010	<u>-</u>	<u>805,767</u>	<u>805,767</u>
NET BOOK VALUE			
At 31 December 2010	<u>3,500</u>	<u>675,715</u>	<u>679,215</u>
At 31 December 2009	<u>3,500</u>	<u>783,032</u>	<u>786,532</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2010

9 TANGIBLE FIXED ASSETS

	Short leasehold £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST					
At 1 January 2010	950,940	512,704	395,721	170,898	2,030,263
Additions	995	20,131	72,355	20,900	114,381
Disposals	(260,407)	-	(62,985)	-	(323,392)
At 31 December 2010	<u>691,528</u>	<u>532,835</u>	<u>405,091</u>	<u>191,798</u>	<u>1,821,252</u>
DEPRECIATION					
At 1 January 2010	435,395	344,830	257,958	44,418	1,082,601
Charge for year	59,699	46,288	44,134	32,490	182,611
Eliminated on disposal	(260,407)	-	(56,243)	-	(316,650)
At 31 December 2010	<u>234,687</u>	<u>391,118</u>	<u>245,849</u>	<u>76,908</u>	<u>948,562</u>
NET BOOK VALUE					
At 31 December 2010	<u>456,841</u>	<u>141,717</u>	<u>159,242</u>	<u>114,890</u>	<u>872,690</u>
At 31 December 2009	<u>515,545</u>	<u>167,874</u>	<u>137,763</u>	<u>126,480</u>	<u>947,662</u>

Fixed assets, included in the above, which are held under hire purchase contracts are as follows

	Short leasehold £	Fixtures and fittings £	Motor vehicles £	Totals £
COST				
At 1 January 2010	69,185	64,583	124,481	258,249
Additions	-	35,824	20,900	56,724
Transfer to ownership	(69,185)	-	(23,966)	(93,151)
At 31 December 2010	<u>-</u>	<u>100,407</u>	<u>121,415</u>	<u>221,822</u>
DEPRECIATION				
At 1 January 2010	9,882	25,228	12,730	47,840
Charge for year	-	14,317	25,579	39,896
Transfer to ownership	(9,882)	-	(11,047)	(20,929)
At 31 December 2010	<u>-</u>	<u>39,545</u>	<u>27,262</u>	<u>66,807</u>
NET BOOK VALUE				
At 31 December 2010	<u>-</u>	<u>60,862</u>	<u>94,153</u>	<u>155,015</u>
At 31 December 2009	<u>59,303</u>	<u>39,355</u>	<u>111,751</u>	<u>210,409</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2010

10 FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
At 1 January 2010 and 31 December 2010	<u>12,500</u>
NET BOOK VALUE	
At 31 December 2010	<u>12,500</u>
At 31 December 2009	<u>12,500</u>

The company's investments at the balance sheet date in the share capital of companies include the following

British Fires PLC

Nature of business Dormant

Class of shares	% holding 100 00	2010 £	2009 £
Ordinary		<u>12,500</u>	<u>12,500</u>
Aggregate capital and reserves			

11 STOCKS

	2010 £	2009 £
Raw materials	<u>1,682,298</u>	<u>1,565,120</u>

12 DEBTORS

	2010 £	2009 £
Amounts falling due within one year		
Trade debtors	1,203,503	1,232,685
Directors' current accounts	287,870	128,936
Prepayments	<u>331,875</u>	<u>622,436</u>
	<u>1,823,248</u>	<u>1,984,057</u>
Amounts falling due after more than one year		
Prepayments	<u>219,012</u>	<u>146,026</u>
Aggregate amounts	<u>2,042,260</u>	<u>2,130,083</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2010

13 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010	2009
	£	£
Bank loans and overdrafts (see note 15)	731,675	646,898
Hire purchase contracts (see note 16)	56,680	53,350
Trade creditors	3,008,074	3,056,696
Sundry creditors	43,433	12,500
Taxation	40,448	23,651
Social security and other taxes	45,575	41,827
VAT	124,186	345,455
Accruals and deferred income	153,722	163,046
	<u>4,203,793</u>	<u>4,343,423</u>

14 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2010	2009
	£	£
Hire purchase contracts (see note 16)	<u>59,054</u>	<u>69,855</u>

15 LOANS

An analysis of the maturity of loans is given below

	2010	2009
	£	£
Amounts falling due within one year or on demand		
Bank overdrafts	300,749	-
Factoring account	<u>430,926</u>	<u>646,898</u>
	<u>731,675</u>	<u>646,898</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2010

16 OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

	Hire purchase contracts	
	2010 £	2009 £
Gross obligations repayable		
Within one year	65,666	61,315
Between one and five years	<u>68,330</u>	<u>80,079</u>
	<u>133,996</u>	<u>141,394</u>
Finance charges repayable		
Within one year	8,986	7,965
Between one and five years	<u>9,276</u>	<u>10,224</u>
	<u>18,262</u>	<u>18,189</u>
Net obligations repayable		
Within one year	56,680	53,350
Between one and five years	<u>59,054</u>	<u>69,855</u>
	<u>115,734</u>	<u>123,205</u>

The following operating lease payments are committed to be paid within one year

	Land and buildings		Other operating leases	
	2010 £	2009 £	2010 £	2009 £
Expiring				
Within one year	-	75,500	-	-
Between one and five years	224,500	-	14,896	14,896
In more than five years	<u>125,613</u>	<u>273,000</u>	<u>-</u>	<u>-</u>
	<u>350,113</u>	<u>348,500</u>	<u>14,896</u>	<u>14,896</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2010

17 SECURED DEBTS

The following secured debts are included within creditors

	2010	2009
	£	£
Bank overdraft	300,749	-
Hire purchase contracts	115,734	123,205
Factoring account	<u>430,296</u>	<u>646,898</u>
	<u>846,779</u>	<u>770,103</u>

Bank indebtedness is secured by a debenture deed comprising a fixed and floating charge over the assets owned by the company. The factoring account is secured by a fixed charge over book debts owed to the company, and a debenture over the assets of the company. The hire purchase liabilities are secured by a charge over the relevant assets.

18 PROVISIONS FOR LIABILITIES

	2010	2009
	£	£
Deferred tax	<u>125,888</u>	<u>124,572</u>

	Deferred tax
	£
Balance at 1 January 2010	124,572
Capital allowances in excess of depreciation	1,316
Balance at 31 December 2010	<u>125,888</u>

19 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid			2010	2009
Number	Class	Nominal value	£	£
50,000	Ordinary	£1	<u>50,000</u>	<u>50,000</u>

20 TRANSACTIONS WITH DIRECTORS

The following loan to directors subsisted during the years ended 31 December 2010 and 31 December 2009

	2010	2009
	£	£
I B Mitchell Esq		
Balance outstanding at start of year	37,869	280,294
Balance outstanding at end of year	287,870	37,869
Maximum balance outstanding during year	<u>287,870</u>	<u>287,885</u>

During the year the company paid rent amounting £250,000 (2009 £62,500) to I B Mitchell Esq. The loan to director was repaid on 10 March 2011.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2010**

21 RELATED PARTY DISCLOSURES

In addition to the fixed charge as stated in note 17, the company's factor facilities were secured by a personal guarantee amounting to £100,000 given by C J Richards Esq

In addition to the debenture as stated in note 17, the bank indebtedness is secured on properties owned personally by I B Mitchell Esq

As stated in note 10, British Fires PLC is a wholly owned subsidiary of the company and is therefore considered to be a related party. There were no transactions between the parties during the year. At the balance sheet date the company owed £12,500 (2009 £12,500) to British Fires PLC which is included in sundry creditors.

22 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2010	2009
	£	£
Profit/(Loss) for the financial year	51,810	(18,407)
Dividends	<u>(122,000)</u>	<u>-</u>
Net reduction of shareholders' funds	(70,190)	(18,407)
Opening shareholders' funds	<u>999,423</u>	<u>1,017,830</u>
Closing shareholders' funds	<u>929,233</u>	<u>999,423</u>