

BUSHBURY HOLDINGS LIMITED

Report and Financial Statements

31 December 2008

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BUSHBURY HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS 2008

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BUSHBURY HOLDINGS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

M B Hughes (Chairman)
B F Tinklin
R Nicholls

SECRETARY

R Nicholls

REGISTERED OFFICE

Unit 8
Boscomoor Lane Industrial Estate
Penkridge
Staffordshire
ST19 5QY

BANKERS

HSBC Bank plc
22-24 Colmore Row
Birmingham
B3 2QD

SOLICITORS

Martineau Johnson
No 1 Colmore Square
Birmingham
B4 6AA

AUDITORS

Deloitte LLP
Chartered Accountants
Birmingham
UK

BUSHBURY HOLDINGS LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2008.

The directors' report has been prepared in accordance with the special provisions relating to small companies under section 246(4) of the Companies Act 1985.

RESULTS

The profit for the year on ordinary activities before taxation amounted to £204,321 (2007 – £576,182). An interim dividend of £Nil (2007-£100,000) was paid in the year and the directors do not propose a final dividend. (2007 - £Nil). The retained profit for the year of £159,126 (2007 - £418,561) has been transferred to reserves.

ACTIVITY

Bushbury Holdings Limited is principally engaged in the provision of management consultancy services and is the parent company of the following subsidiaries:

- Eastfield Engineering Limited - engaged in the manufacture of off-highway vehicle cab conditioning equipment, spares for this and for vehicle cabs and refurbishment of railway carriage window frames;
- Epstone Limited - invests in freehold property;
- M.C. Air Filtration Limited - manufactures high efficiency air filters and associated equipment;

REVIEW OF THE BUSINESS AND FUTURE PROSPECTS

The group's performance during 2008 was adversely affected by the relocation of Eastfield Engineering in September. Whilst this incurred an exceptional cost of some £85,000, the move has substantially reduced that company's fixed overheads. Otherwise trading conditions remained challenging resulting in a reduced operating profit. However order intakes in first quarter 2009 have increased and the directors anticipate, subject to unforeseen circumstances, an improved trading performance in the current year.

The group has sufficient cash reserves to finance its activities for the next twelve months. As a result of the significant cash balances held, combined with a strong order book, the directors believe that the group is well placed to manage its business risks successfully despite the current uncertain economic outlook. The directors have a reasonable expectation that the group will continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing financial statements.

DIRECTORS

The directors during the year were as follows:

M B Hughes (Chairman)
B F Tinklin
R Nicholls

All the directors served throughout the year.

The Articles of Association of the company contain an indemnity in favour of all of the directors of the company that, subject to law, indemnifies the directors from the assets of the company against any liability incurred by them in defending any proceedings in which judgement is given in their favour (or otherwise disposed of without any finding or admission of any material breach of duty on their part).

BUSHBURY HOLDINGS LIMITED

DIRECTORS' REPORT (continued)

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who is a director at the date of approval of this report confirms that:

1. So far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
2. The director has taken all the steps 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.

This confirmation is given and should be interpreted in accordance with the provisions of s234za of the Companies Act 1985.

AUDITORS

On 1 December 2008 Deloitte & Touche LLP changed its name to Deloitte LLP. Accordingly, Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



R NICHOLLS

Secretary

Registered Office:

Unit 8
Boscomoor Lane Industrial Estate
Penkridge
Staffordshire
ST19 5QY

BUSHBURY HOLDINGS LIMITED

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). The financial statements are required by law to give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- 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 proper accounting records that 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 1985. 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 BUSHBURY HOLDINGS LIMITED

We have audited the group and individual company financial statements of Bushbury Holdings Limited for the year ended 31 December 2008 which comprise the consolidated profit and loss account, the consolidated and individual company balance sheets, the consolidated cash flow statement, the consolidated statement of total recognised gains and losses and the related notes 1 to 23. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
BUSHBURY HOLDINGS LIMITED (continued)**

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 December 2008 and of the group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Deloitte LLP

Deloitte LLP
Chartered Accountants and Registered Auditors
Birmingham, UK

16 June 2009

BUSHBURY HOLDINGS LIMITED**CONSOLIDATED PROFIT AND LOSS ACCOUNT****Year ended 31 December 2008**

	Note	2008	2007
		£	£
TURNOVER	2		
Continuing operations		3,375,600	4,071,465
Discontinued operations		-	1,800,847
		<u>3,375,600</u>	<u>5,872,312</u>
Cost of sales	3	(2,546,931)	(4,335,293)
		<u>828,669</u>	<u>1,537,019</u>
Distribution expenses	3	(137,099)	(459,094)
Administration expenses	3	(542,584)	(579,676)
Exceptional expenses	3	(85,782)	-
		<u></u>	<u></u>
OPERATING PROFIT	5		
Continuing operations		63,204	503,898
Discontinued operations		-	(5,649)
		<u>63,204</u>	<u>498,249</u>
Loss on sale of discontinued operations		-	(38,954)
Interest receivable	6	<u>141,117</u>	<u>116,887</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		204,321	576,182
Tax charge on profit on ordinary activities	7	(45,195)	(157,621)
		<u></u>	<u></u>
PROFIT FOR THE FINANCIAL YEAR	16	<u>159,126</u>	<u>418,561</u>

There is no material difference between the results as disclosed in the profit and loss account and the results on an unmodified historical cost basis. Accordingly, a note of the historical cost profits and losses for the period is not given.

BUSHBURY HOLDINGS LIMITED**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES****Year ended 31 December 2008**

	2008	2007
	£	£
Profit for the financial year	159,126	418,561
Actuarial (loss)/gain relating to the pension scheme before deferred tax	(789,000)	432,000
Deferred tax credit/(liability) relating to actuarial (loss)/gain	165,700	(82,000)
Unrealised (deficit)/surplus on revaluation of property	(262,500)	395,000
	<hr/>	<hr/>
Total recognised gains and losses since the last annual report	(726,674)	1,163,561
	<hr/>	<hr/>

BUSHBURY HOLDINGS LIMITED

CONSOLIDATED BALANCE SHEET 31 December 2008

	Note	2008 £	2007 £
FIXED ASSETS			
Tangible assets	9	978,849	1,279,928
CURRENT ASSETS			
Stocks	11	545,594	522,806
Debtors	12	616,264	587,394
Cash at bank and in hand		<u>1,555,777</u>	<u>1,718,731</u>
		2,717,635	2,828,931
CREDITORS: amounts falling due within one year	13	<u>(560,127)</u>	<u>(691,828)</u>
NET CURRENT ASSETS		<u>2,157,508</u>	<u>2,137,103</u>
NET ASSETS BEFORE PENSION LIABILITY		3,136,357	3,417,031
PENSION LIABILITY	22	<u>(600,000)</u>	<u>(154,000)</u>
NET ASSETS AFTER PENSION LIABILITY		<u>2,536,357</u>	<u>3,263,031</u>
CAPITAL AND RESERVES			
Called up share capital	15	100,000	100,000
Capital redemption reserve	16	50,000	50,000
Revaluation reserve	16	575,326	845,546
Profit and loss account	16	<u>1,811,031</u>	<u>2,267,485</u>
SHAREHOLDERS' FUNDS	17	<u>2,536,357</u>	<u>3,263,031</u>

These financial statements were approved and authorised for issue by the Board of Directors on 10th June 2009

Signed on behalf of the Board of Directors



M B HUGHES



R NICHOLLS

Directors

BUSHBURY HOLDINGS LIMITED

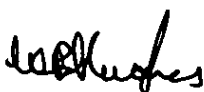
BALANCE SHEET

31 December 2008

	Note	£	2008 £	£	2007 £
FIXED ASSETS					
Tangible assets	9		856		341
Investments	10		216,080		216,080
			<u>216,936</u>		<u>216,421</u>
CURRENT ASSETS					
Debtors	12	43,250		43,657	
Cash at bank and in hand		<u>700,633</u>		<u>686,148</u>	
		744,815		729,805	
CREDITORS: amounts falling due within one year	13	<u>(32,831)</u>		<u>(41,752)</u>	
NET CURRENT ASSETS			<u>711,052</u>		<u>688,053</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			927,988		904,474
PROVISION FOR LIABILITIES	14		<u>(91)</u>		<u>-</u>
TOTAL NET ASSETS			<u>927,897</u>		<u>904,474</u>
CAPITAL AND RESERVES					
Called up share capital	15		100,000		100,000
Capital redemption reserve	16		50,000		50,000
Profit and loss account	16		<u>777,897</u>		<u>754,474</u>
SHAREHOLDERS' FUNDS			<u>927,897</u>		<u>904,474</u>

These financial statements were approved and authorised for issue by the Board of Directors on 10th June 2009

Signed on behalf of the Board of Directors



M B HUGHES



R NICHOLLS

Directors

BUSHBURY HOLDINGS LIMITED

CONSOLIDATED CASH FLOW STATEMENT Year ended 31 December 2008

	Note	2008 £	2007 £
Cash (outflow)/inflow from operating activities	18	(120,885)	677,479
Returns on investments and servicing of finance	19	69,117	116,887
Taxation		(106,408)	(67,430)
Capital expenditure and financial investment	19	(4,778)	(34,550)
Acquisitions and disposals	19	-	342,901
Cash (outflow)/inflow before use of liquid resources and financing		(162,954)	1,035,287
Financing		-	(100,000)
(Decrease)/increase in cash in the year		(162,954)	935,287

Reconciliation of net cash flow to movement in net funds	20	2008 £	2007 £
(Decrease)/increase in cash in the year		(162,954)	935,287
Change in net debt resulting from cash flows		(162,954)	935,287
Net funds at 1 January		1,718,731	783,444
Net funds at 31 December		1,555,777	1,718,731

BUSHBURY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2008

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention as modified by the revaluation of freehold land and building. The group has sufficient cash reserves to finance its activities for the next twelve months. As a result of the significant cash balances held, combined with a strong order book, the directors believe that the group is well placed to manage its business risks successfully despite the current uncertain economic outlook. The directors have a reasonable expectation that the group will continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing financial statements.

Consolidation

The consolidated financial statements incorporate the financial statements of the company and all its subsidiaries.

Acquisitions

On the acquisition of a business, fair values are attributed to the group's share of net separable assets. Where the cost of acquisition exceeds the fair values attributable to such net assets, the difference is treated as purchased goodwill. Prior to 31 December 1998 this was written off directly to reserves in the year of acquisition as a matter of accounting policy. For all years after (and including) 31 December 1998, this goodwill will be capitalised and amortised over its useful economic life.

Exchange rates

Balances denominated in foreign currencies have been translated into sterling at the rates ruling at the balance sheet date. Realised exchange differences in the course of trading have been taken to the profit and loss account.

Fixed assets

Property, plant and equipment are stated at cost (except for any revaluation) less accumulated depreciation and any provision for impairment.

Properties are revalued every three years, or as considered appropriate by the directors, with the surplus or deficit on book value being transferred to the revaluation reserve, except that a deficit which is in excess of previously recognised surplus over depreciated cost relating to the same property, or the reversal of such a deficit, is charged (or credited) to the profit and loss account.

Depreciation is provided on a straight line basis, to write off the assets concerned over their estimated useful lives, at the following annual rates:

Freehold land	Nil
Freehold buildings	2.5%
Short leasehold land and buildings	Over life of lease
Plant and machinery	10% - 50%

Stocks

Stocks, including work-in-progress, are valued at the lower of cost and net realisable value. Cost represents materials, direct labour and an appropriate proportion of overheads.

BUSHBURY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 December 2008

1. ACCOUNTING POLICIES (continued)

Leased assets

Where fixed assets are financed by leasing agreements which give rights approximating to ownership, the assets are treated as if they had been purchased and the capital element of the leasing commitments is shown as obligations under finance leases. The rentals payable are apportioned between interest, which is charged to profit and loss account, and capital, which reduces the outstanding obligation.

Operating lease rentals payable are charged to profit and loss account on a straight line basis over the lease term.

Investments

Investments held as fixed assets are stated at cost less provision for any impairment

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The current tax payable is based on taxable profit for the year.

Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date at rates expected to apply when they crystallise based on current taxes and law. Timing differences arise from the inclusion of items of income and expenditure in tax computations different from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from revaluations of fixed assets where there is no binding contract to dispose of those assets.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes.

Pension costs

The operating cost for providing pensions and other post retirement benefits, as calculated periodically by independent actuaries, is charged to the group's operating profit or loss in the year that those benefits are earned by the employees. The financial returns expected on the pension schemes' assets are recognised in the year in which they arise as part of finance income and the effect of the unwinding of the discounted value of the pension scheme's liabilities is treated as part of finance costs. The changes in value of the pension scheme's assets and liabilities are reported as actuarial gains or losses as they arise in the consolidated statement of total recognised gains and losses. The pension scheme's surpluses, to the extent they are considered recoverable, or deficits are recognised in full and presented in the balance sheet net of any related deferred tax.

The pension scheme operates for several of the Group subsidiaries and as such Bushbury Holdings Limited is unable to identify its individual share of the underlying assets and liabilities of the pension plan.

For the defined contribution scheme the amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Exceptional items

Exceptional items are income or expenditure, which individually or, if of a similar type, in aggregate should, in the opinion of the directors, be disclosed by virtue of their size or nature if the financial statements are to give a true and fair view. In this context, materiality is assessed at the segment level.

BUSHBURY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2008

2. ANALYSES OF TURNOVER

	2008 £	2007 £
Geographical analysis by location		
United Kingdom	3,375,600	4,071,465
Republic of Ireland	-	1,800,847
	<u>3,375,600</u>	<u>5,872,312</u>
Geographical analysis of turnover by destination		
United Kingdom	3,253,890	3,938,828
Other European countries	113,860	1,895,484
Rest of world	7,850	40,000
	<u>3,375,600</u>	<u>5,872,312</u>

The analyses presented include the following amounts in respect of operations discontinued during the previous year.

	2008 £	2007 £
Geographical analysis by location		
Republic of Ireland	-	1,800,847
	<u>-</u>	<u>1,800,847</u>
Geographical analysis of turnover by destination		
Other European countries	-	1,800,847
	<u>-</u>	<u>1,800,847</u>

3. COST OF SALES, GROSS PROFIT AND OTHER OPERATING EXPENSES

	2008			2007		
	Continuing Operations £	Discontinued Operations £	Total £	Continuing operations £	Discontinued Operations £	Total £
Cost of sales	2,546,931	-	2,543,931	2,998,091	1,337,202	4,335,293
Gross profit	828,669	-	828,669	1,073,374	463,645	1,537,019
Distribution costs	137,099	-	137,099	133,890	325,204	459,094
Administration Expenses	542,584	-	542,584	435,586	144,090	579,676
Exceptional expenses	85,782	-	85,782	-	-	-
Operating profit	<u>63,204</u>	<u>-</u>	<u>63,204</u>	<u>503,898</u>	<u>(5,649)</u>	<u>498,249</u>

The exceptional expenses relate to costs incurred as a result of a group company moving to new premises in the year.

BUSHBURY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2008

4. INFORMATION RELATING TO DIRECTORS AND EMPLOYEES

	2008 £	2007 £
Directors' emoluments		
Emoluments	143,220	136,117
Pension contributions	1,800	1,800
	<u>145,020</u>	<u>137,917</u>
	No	No
Number of directors who are members of defined benefit pension schemes	<u>2</u>	<u>2</u>

	Group		Company	
	2008 No	2007 No	2008 No	2007 No
Average number of persons employed				
Production staff	40	59	-	-
Sales and distribution staff	3	10	-	-
Administrative staff	8	10	2	2
	<u>51</u>	<u>79</u>	<u>2</u>	<u>2</u>
	£	£	£	£
Staff costs during the year (including directors)				
Wages and salaries	1,052,222	1,669,313	124,464	118,533
Social security costs	109,961	170,689	14,748	14,008
Pension costs	212,683	229,110	35,906	34,843
	<u>1,374,866</u>	<u>2,069,112</u>	<u>175,118</u>	<u>167,384</u>

Group pension costs include amounts paid in relation to the defined benefit scheme of £196,722 (including the costs of running the scheme) (company - £34,106) and in relation to the defined contribution scheme of £15,961 (company - £1,800). The current service cost in relation to the defined benefit scheme is £nil, see note 22 for further details.

5. OPERATING PROFIT

	2008 £	2007 £
The operating profit is after charging:		
Depreciation		
Owned assets	43,357	79,631
Rentals under operating leases		
Other operating leases	16,500	89,164
Hire of plant and equipment	11,997	12,487
Auditors' remuneration		
Fees payable to the company's auditor for the audit of the company's annual accounts	3,470	3,470
Fees payable to the company's auditor for the audit of the company's subsidiaries, pursuant to legislation	17,865	20,476
Non audit services – tax	<u>6,281</u>	<u>5,269</u>

BUSHBURY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2008

6. INTEREST RECEIVABLE

	2008 £	2007 £
Bank interest receivable	69,117	48,999
Corporation tax repayments	-	888
Notional interest on pension scheme (note 22)	72,000	67,000
	<u>141,117</u>	<u>116,887</u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2008 £	2007 £
Tax charge for the year comprises:		
Current taxation		
Corporation Tax	(511)	106,408
Adjustment in respect of prior years	-	(185)
Total current tax	<u>(511)</u>	<u>106,223</u>
Deferred taxation		
Origination and reversal of timing differences	45,706	51,242
Adjustment in respect of prior years	-	156
Total deferred tax	<u>45,706</u>	<u>51,398</u>
Tax charge on profit on ordinary activities	<u>45,195</u>	<u>157,621</u>
Factors affecting credit for the year		
Profit on ordinary activities before tax	<u>204,321</u>	<u>576,182</u>
Tax (charge) on ordinary activities at standard rate of 20.75% (2007- 19.75%)	42,397	113,797
Expenses not deductible for tax purposes	4,371	2,214
Industrial buildings allowance	(1,144)	(1,341)
(Depreciation in excess of capital allowances)/capital allowances in excess of depreciation	(6)	802
Utilisation of tax losses	-	(4,112)
Loss carried back	536	-
Movement in short term timing differences	(1,040)	(23)
Difference in tax rates	-	29,118
Losses not relieved or carried forward	951	1,116
Adjustment in respect of pension scheme	(46,065)	(42,858)
Non deductible loss on sale of Walkair Ltd	-	7,695
Adjustments in respect of prior years	(511)	(185)
Total current tax	<u>(511)</u>	<u>106,223</u>

BUSHBURY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 December 2008

8. PROFIT FOR THE YEAR ATTRIBUTABLE TO THE MEMBERS OF BUSHBURY HOLDINGS LIMITED

	2008 £	2007 £
Profits dealt with in the accounts of the parent company	23,423	218,432

The Company has taken advantage of Section 230 of the Companies Act 1985 and consequently a profit and loss account for the Company alone is not provided.

9. TANGIBLE FIXED ASSETS

The Group	Freehold land and buildings £	Short leasehold land and buildings £	Plant and machinery £	Total £
Cost or valuation				
At 1 January 2008	1,175,000	210,740	1,087,157	2,472,897
Adjustment on revaluation	(275,000)	-	-	(275,000)
Additions	-	-	10,397	10,397
Disposals	-	(9,800)	(44,198)	(53,998)
At 31 December 2008	900,000	200,940	1,053,356	2,154,296
Accumulated depreciation				
At 1 January 2008	-	206,505	986,464	1,192,969
Charge for year	12,500	1,041	29,816	43,357
Disposals	-	(9,800)	(38,579)	(48,379)
Adjustment on revaluation	(12,500)	-	-	(12,500)
At 31 December 2008	-	197,746	977,701	1,175,447
Net book value				
At 31 December 2008	900,000	3,194	75,655	978,849
At 31 December 2007	1,175,000	4,235	100,693	1,279,928

Comparable amounts determined according to the historical cost convention:

	£
Freehold land and buildings	
Cost	406,826
Accumulated depreciation	86,548
Net book value	
At 31 December 2008	320,278
At 31 December 2007	325,058

The value of freehold land not depreciated is £520,000 (2007: £675,000).

BUSHBURY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 December 2008

9. TANGIBLE FIXED ASSETS (continued)

The freehold land and buildings were valued as at 31 December 2007 by Messrs Harrisons, Chartered Surveyors, who are independent of the company. In their opinion the open market value for the existing use at that time was £1,175,000. However the Directors consider that the value has fallen over the past year and having consulted appropriate property indices have concluded that their best estimate of current value is £900,000. This valuation was incorporated in the balance sheet at 31 December 2008 and the deficit arising on revaluation taken against revaluation reserve.

The Company	Plant and machinery £
Cost	
At 1 January 2008	1,969
Additions	853
	<hr/>
At 31 December 2008	2,822
	<hr/>
Accumulated depreciation	
At 1 January 2008	1,628
Charge for year	338
	<hr/>
At 31 December 2008	1,966
	<hr/>
Net book value	
At 31 December 2008	856
	<hr/>
At 31 December 2007	341
	<hr/>

10. INVESTMENTS HELD AS FIXED ASSETS

The Company

Shares in subsidiary companies	£
At cost	
At 1 January 2008 and 31 December 2008	216,080
	<hr/>

Name	Principal activity	Proportion of ordinary shares held
Eastfield Engineering Limited	Manufacture of off-highway vehicle cab conditioning equipment, spares for this and for vehicle cabs and refurbishment of railway carriage window frames	100%
M.C. Air Filtration Limited	Manufacture of high efficiency air filters and associated equipment	100%
Epstone Limited	Investment in freehold property	100%

All of the companies were incorporated and registered in England and Wales.

BUSHBURY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 December 2008

11. STOCKS

	Group	
	2008	2007
	£	£
Raw materials and components	355,414	357,632
Work in progress	114,486	104,346
Finished goods	75,694	60,828
	<u>545,594</u>	<u>522,806</u>

There is no material difference between the balance sheet value of stocks and their replacement cost.

12. DEBTORS

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Trade debtors	548,282	523,294	-	-
Amounts due from subsidiary companies	-	-	38,888	41,375
Prepayments and accrued income	67,403	63,026	4,362	2,251
Deferred tax asset (note 14)	68	1,074	-	31
Corporation tax	511	-	-	-
	<u>616,264</u>	<u>587,394</u>	<u>43,250</u>	<u>43,657</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Trade creditors	313,871	318,526	6,536	3,199
Corporation tax	-	106,408	-	8,197
Other taxes including social security	114,679	122,248	13,880	13,335
Other creditors	9,150	8,322	270	267
Accruals and deferred income	122,427	136,324	12,145	16,754
	<u>560,127</u>	<u>691,828</u>	<u>32,831</u>	<u>41,752</u>

The company is party to a multilateral guarantee securing the bank overdraft and borrowings of other group companies. Its maximum potential liability in relation to these guarantees at 31 December 2008 was £Nil (2007 -£ Nil).

BUSHBURY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2008

14. DEFERRED TAXATION

	Group £	Company £
Deferred taxation asset/(liability)		
Balance at 1 January 2008	1,074	31
Profit and loss account charge	(1,006)	(122)
Balance at 31 December 2008	68	(91)

The amounts provided in the accounts and the amounts not provided are as follows:

	Provided 2008 £	Provided 2007 £	Not Provided 2008 £	Not Provided 2007 £
Group				
Depreciation in advance of capital allowances	(1,044)	(987)	-	-
Revenue losses	-	-	951	-
Capital losses	-	-	44,171	42,032
Other short term timing differences	1,112	2,061	-	-
Capital gain on revaluation	-	-	(31,521)	(86,429)
Deferred tax asset/(liability)	68	1,074	13,601	(44,397)

	Provided 2008 £	Provided 2007 £	Not Provided 2008 £	Not Provided 2007 £
Company				
(Depreciation in advance of capital allowances)/capital allowances in advance of depreciation	(122)	1	-	-
Capital losses	-	-	16,073	15,272
Other short term timing differences	31	30	-	-
Deferred tax (liability)/asset	(91)	31	16,073	15,272

Factors that may affect future tax charges

A deferred tax asset has not been recognised in respect of timing differences relating to certain capital losses and other short term timing differences. The amount of the asset not recognised is for the group £44,171 (company - £16,073). The asset would be recovered if these losses could be utilised going forward. A deferred tax asset has not been recognised in respect of revenue losses carried forward within Eastfield Engineering Ltd.

Deferred tax has not been provided on the revaluation of fixed assets. This tax will only become payable if the assets are sold at a future date.

BUSHBURY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2008

15. CALLED UP SHARE CAPITAL

	2008 £	2007 £
Authorised: 160,000 Ordinary shares of £1 each	160,000	160,000
Allotted and fully paid: 100,000 Ordinary shares of £1 each	100,000	100,000

16. RESERVES

The Group	Capital redemption reserve £	Revaluation reserve £	Profit and loss account £
Balance at 1 January 2008	50,000	845,546	2,267,485
Retained profit for the year	-	-	159,126
Actuarial loss relating to the pension scheme	-	-	(623,300)
Unrealised deficit on revaluation of property	-	(262,500)	-
Transfer of amount equivalent to additional depreciation on revalued assets	-	(7,720)	7,720
Balance at 31 December 2008	50,000	575,326	1,811,031
The Company			
Balance at 1 January 2008	50,000	-	754,474
Retained profit for the year	-	-	23,423
Balance at 31 December 2008	50,000	-	777,897

The cumulative amount of goodwill eliminated against reserves prior to 31 December 1998 is £20,862.

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

The Group	2008 £	2007 £
Profit for the financial year	159,126	418,561
Dividend	-	(100,000)
Actuarial (loss)/gain relating to the pension scheme	(623,300)	350,000
(Deficit)/surplus on revaluation of land and buildings	(262,500)	395,000
Net (reduction in)/addition to shareholders' funds	(726,674)	1,063,561
Opening shareholders' funds	3,263,031	2,199,470
Closing shareholders' funds	2,536,357	3,263,031

BUSHBURY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2008

18. RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS

	2008 £	2007 £
Operating profit	63,204	498,249
Depreciation	43,357	79,631
(Increase)/decrease in stocks	(22,788)	108,693
(Increase)/decrease in debtors	(29,365)	447,500
Decrease in creditors	(25,293)	(239,594)
Decrease in pension liability	(150,000)	(217,000)
Net cash (outflow)/inflow from operating activities	(120,885)	677,479

19. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2008 £	2007 £
Returns on investments and servicing of finance		
Interest received	69,117	116,887
Net cash inflow for returns on investments and servicing of finance	69,117	116,887
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(10,397)	(34,550)
Sale of tangible fixed assets	5,619	-
Net cash outflow for capital expenditure and financial investment	(4,778)	(34,550)
Acquisitions and disposals		
Sale of subsidiary undertaking	-	489,080
Net cash balances disposed of with subsidiary undertaking	-	(146,179)
Net cash inflow from acquisitions and disposals	-	342,901
Financing		
Dividend	-	(100,000)
Net cash outflow from financing	-	(100,000)

20. MOVEMENT IN NET DEBT

	At 1 Jan 2008 £	Cash Flow £	At 31 Dec 2008 £
Cash in hand and at bank	1,718,731	(162,954)	1,555,777

BUSHBURY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 December 2008

21. FINANCIAL COMMITMENTS

Operating lease commitments

At 31 December 2008, the group was committed to making the following payments during the next year in respect of operating leases:

	Land and buildings	
	2008	2007
	£	£
In respect of commitments that expire:		
Within 1 year	-	35,550
Within 2-5 years	16,500	-

Capital commitments

The group and company has contracts for capital expenditure on hand amounting to £Nil (2007 - £Nil).

22. PENSION COSTS

The group operates a defined contribution pension scheme for all qualifying employees. The total cost charged to income of £15,961 represents contributions payable to this scheme by the group at rates specified in the rules of the plan. There are no accrued contributions at 31 December 2008.

The group operates a defined benefit pension scheme, the assets of which are held separately from those of the group. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The contributions are determined by a qualified actuary, the most recent valuation being at 5 April 2005. The contributions made by the group over the financial year to the pension scheme have been £150,000 (2007 - £150,000).

The most recent actuarial valuation showed that, at 5 April 2005, the scheme had a past service shortfall of £1,272,000 which is being cleared by payments at a rate of £150,000 per annum to bring the funding level back to 100% by April 2015. The market value of the scheme's assets at that date was £4,051,000. The actuarial valuation was carried out on the basis of the projected unit costing method and the assumptions used comprised an assumed rate of investment return of 7.0% per annum and a rate of inflation of 2.75%.

FRS 17 is adopted in full and requires disclosure of the assets and liabilities as at 31 December 2008 calculated in accordance with the requirements of FRS17. The assets of the schemes have been taken at market value and the liabilities have been calculated using the following principal actuarial assumptions.

The following FRS 17 valuation was performed at 31 December 2008.

The full actuarial valuation carried out at 5 April 2005 was updated to 31 December 2008 by a qualified independent actuary. The Projected Unit valuation method has been used.

The major financial assumptions used by the actuary at 31 December 2008 were (in nominal terms):

	2008	2007	2006
	% pa	% pa	% pa
Rate of increase in salaries	-	-	-
Rate of increase in pensions in payment	2.70	3.40	3.15
Rate of increase of pensions in deferment	2.70	3.40	3.15
Discount rate	6.50	5.80	5.15
Inflation assumption	2.70	3.40	3.15
Expected return on plan assets	6.03	7.16	7.16
Pre-retirement mortality (non-pensioners)	PA92 YOB medium cohort(rated up2years)	PA92 C2020	PA92 C2020
Post-retirement mortality (non-pensioners)	PA92 YOB medium cohort(rated up2years)	PA92 C2020	PA92 C2020
Post-retirement mortality (pensioners)	PA92 YOB medium cohort(rated up2years)	PA92 C2020	PA92 C2020

BUSHBURY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 December 2008

22. PENSION COSTS (continued)

All members of the pension scheme became deferred as 30 September 2002 and therefore no increase in salaries is included in the assumptions and no current service charge.

The assets in the scheme and the expected rates of return were:

	31 December 2008			31 December 2007			31 December 2006		
	Long term expected rate of return	Value	%	Long term expected rate of return	Value	%	Long term expected rate of return	Value	%
	%	£000	%	%	£000	%	%	£000	%
Equities	6.70	3,356	74%	7.55	4,750	82%	7.60	4,426	83%
Property	5.70	-	0%	6.60	-	0%	6.60	-	0%
Gilts	3.70	299	7%	4.55	277	5%	4.60	240	5%
Bonds	6.50	424	9%	5.80	319	6%	5.15	328	6%
Cash	2.00	429	10%	5.50	418	7%	5.00	309	6%
Total market value of assets		4,508			5,764			5,303	
Present value of liabilities		(5,267)			(5,956)			(6,144)	
Deficit in the scheme		(759)			(192)			(841)	
Related deferred tax asset		159			38			160	
Net pension liability		(600)			(154)			(681)	

The amount charged to profit, and amount charged to other finance income, under FRS17 accounting for pensions is:

Analysis of the amount which would have been charged to operating profit is as follows:

	2008 £'000	2007 £'000
Current service cost	-	-
Past service cost	-	-
Total operating cost	-	-

Analysis of the amount which would have been charged to other finance income is as follows:

Interest on pension scheme liabilities	(340)	(313)
Expected return on pension scheme assets	412	380
Total finance cost	72	67

Analysis of the amount which would have been recognised in the Statement of Total Recognised Gains and Losses is as follows:

Actual return less expected return on pension scheme assets	(1,607)	84
Experience gains arising on pension scheme liabilities	(180)	-
Changes in financial assumptions underlying pension scheme liabilities	998	348
Actuarial (loss)/gain recognised in the statement of total recognised gains and losses	(789)	432

BUSHBURY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 December 2008

22. PENSION COSTS (continued)

	2008 £'000	2007 £'000	2006 £'000
Movements in deficit during the year			
Deficit in schemes at 1 January	(192)	(841)	(1,132)
Current service cost	-	-	-
Employers' contributions received	150	150	161
Other finance costs	72	67	29
Actuarial (loss)/gain	(789)	432	101
	<u>(759)</u>	<u>(192)</u>	<u>(841)</u>
Deficit in the schemes as at 31 December			
	<u>(759)</u>	<u>(192)</u>	<u>(841)</u>
History of experience gains and losses			
Difference between the expected and actual return on scheme assets:			
Amount (£)	(1,607)	84	199
Percentage of scheme assets as at 31 December	35.6%	1.5%	3.8%
Experience gains on scheme liabilities			
Amount (£)	-	-	-
Percentage of scheme liabilities as at 31 December			
Total amount recognised in statement of total recognised gains and losses			
Amount (£)	(789)	432	101
Percentage of scheme liabilities as at 31 December	15.0%	7.3%	1.6%

23. CONTROLLING PARTY

The company is ultimately controlled by Mr M B Hughes, Chairman, who owns 56.4% of the share capital.