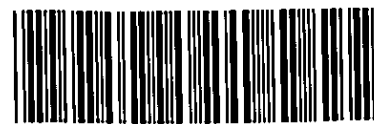


BUSHBURY HOLDINGS LIMITED

Report and Financial Statements

31 December 2010

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BUSHBURY HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS 2010

CONTENTS

Officers and professional advisers	1
Directors' report	2
Directors' responsibilities statement	4
Independent Auditor's Report	5
Consolidated profit and loss account	7
Consolidated statement of total recognised gains and losses	8
Consolidated balance sheet	9
Balance sheet	10
Consolidated cash flow statement	11
Notes to the financial statements	12

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
No 1 Colmore Square
Birmingham
B4 6AA

AUDITORS

Deloitte LLP
Four Brindleyplace
Birmingham
B1 2HZ

BUSHBURY HOLDINGS LIMITED

DIRECTORS' REPORT

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

The directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption

RESULTS

The profit for the year on ordinary activities before taxation amounted to £97,203 (2009 – £329,698) An interim dividend of £Nil (2009 – £100,000) was paid in the year and the directors do not propose a final dividend (2009 - £Nil) The retained profit for the year of £78,996 (2009 – £254,077) has been transferred to reserves

The freehold land and buildings were valued as at 31 December 2010 at an existing use value of £600,000 This valuation was incorporated in the balance sheet at 31 December 2010 and the £281,000 deficit arising on revaluation was taken against the revaluation reserve

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 experienced challenging trading conditions during 2010 resulting in a reduced operating profit However order intakes in first quarter 2011 have shown substantial improvement and the directors anticipate, subject to unforeseen circumstances, a further satisfactory performance in the current year

The group has sufficient cash reserves to finance its activities for the twelve month period from the signing of these accounts 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 After reviewing forecasts, extending for a period of at least 12 months from the date of approval of these financial statements, 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 auditor is 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 auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of Companies Act 2006

AUDITORS

Deloitte LLP have expressed their willingness to continue in office as auditor 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

DIRECTORS' RESPONSIBILITIES STATEMENT

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 the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BUSHBURY HOLDINGS LIMITED

We have audited the financial statements of Bushbury Holdings Limited for the year ended 31 December 2010 which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Total Recognised Gains and Losses, the Consolidated Note of Historic Cost Profits and Losses, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes 1 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and of the 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.

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

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

- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report, or
- 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



Jane Whitlock (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

Birmingham, UK

24 March 2011

BUSHBURY HOLDINGS LIMITED**CONSOLIDATED PROFIT AND LOSS ACCOUNT****Year ended 31 December 2010**

	Note	2010	2009
		£	£
TURNOVER	2		
Continuing operations		3,058,296	3,502,804
Cost of sales	3	(2,345,564)	(2,487,898)
GROSS PROFIT		712,732	1,014,906
Distribution expenses	3	(104,293)	(120,484)
Administration expenses	3	(513,944)	(505,847)
OPERATING PROFIT			
Continuing operations	4	94,495	388,575
Interest payable	5	(1,000)	(65,000)
Interest receivable	6	3,708	6,123
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		97,203	329,698
Tax charge on profit on ordinary activities	7	(18,207)	(75,621)
PROFIT FOR THE FINANCIAL YEAR	16	78,996	254,077

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 2010

	2010	2009
	£	£
Profit for the financial year	78,996	254,077
Actuarial gain/(loss) relating to the pension scheme before deferred tax	331,400	(551,000)
Deferred tax (charge)/credit relating to actuarial loss	(69,600)	115,600
Unrealised deficit on revaluation of property	(281,000)	-
Total recognised gains and losses since the last annual report	59,796	(181,323)

CONSOLIDATED NOTE OF HISTORICAL COST PROFITS AND LOSSES

Year ended 31 December 2010

	2010	2009
	£	£
Reported profit on ordinary activities before taxation	97,203	329,698
Differences between historical cost depreciation and actual depreciation charge for the year calculated on the revalued amount	4,720	4,720
Historical cost profit on ordinary activities before taxation	101,923	334,418
Historical cost profit retained for the year after taxation	83,716	258,797

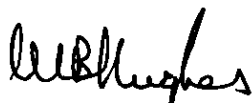
BUSHBURY HOLDINGS LIMITED

CONSOLIDATED BALANCE SHEET 31 December 2010

	Note	£	2010 £	£	2009 £
FIXED ASSETS					
Tangible assets	9		682,669		1,006,836
CURRENT ASSETS					
Stocks	11	670,467		618,981	
Debtors	12	400,975		466,932	
Cash at bank and in hand		<u>1,617,836</u>		<u>1,716,249</u>	
		2,689,278		2,802,162	
CREDITORS: amounts falling due within one year	13	<u>(466,691)</u>		<u>(580,499)</u>	
NET CURRENT ASSETS			<u>2,222,587</u>		<u>2,221,663</u>
NET ASSETS BEFORE PENSION LIABILITY			2,905,256		3,228,499
PROVISION FOR LIABILITIES	14		(1,426)		(4,465)
PENSION LIABILITY	22		<u>(589,000)</u>		<u>(969,000)</u>
NET ASSETS AFTER PENSION LIABILITY			<u>2,314,830</u>		<u>2,255,034</u>
CAPITAL AND RESERVES					
Called up share capital	15		100,000		100,000
Capital redemption reserve	16		50,000		50,000
Revaluation reserve	16		284,886		570,606
Profit and loss account	16		<u>1,879,944</u>		<u>1,534,428</u>
SHAREHOLDERS' FUNDS	17		<u>2,314,830</u>		<u>2,255,034</u>

These financial statements of Bushbury Holdings Limited, registered number 2110875, were approved and authorised for issue by the Board of Directors on 23 March 2011

Signed on behalf of the Board of Directors



M B HUGHES



R NICHOLLS

Directors

BUSHBURY HOLDINGS LIMITED

COMPANY BALANCE SHEET 31 December 2010

	Note	2010 £	2009 £
FIXED ASSETS			
Tangible assets	9	143	427
Investments	10	216,080	216,080
		<u>216,223</u>	<u>216,507</u>
CURRENT ASSETS			
Debtors	12	36,671	30,617
Cash at bank and in hand		623,580	619,790
		<u>660,251</u>	<u>650,407</u>
CREDITORS. amounts falling due within one year	13	(32,225)	(30,925)
NET CURRENT ASSETS		<u>628,026</u>	<u>619,482</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		844,249	835,989
PROVISION FOR LIABILITIES	14	-	(12)
TOTAL NET ASSETS		<u>844,249</u>	<u>835,977</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	694,249	685,977
SHAREHOLDERS' FUNDS		<u>844,249</u>	<u>835,977</u>

These financial statements of Bushbury Holdings Limited, registered number 2110875, were approved and authorised for issue by the Board of Directors on 23 March 2011

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 2010

	Note	2010 £	2009 £
Cash (outflow)/inflow from operating activities	18	(45,903)	322,587
Returns on investments and servicing of finance	19	3,708	6,123
Taxation		(52,783)	1
Capital expenditure and financial investment	19	(3,435)	(68,239)
Cash (outflow)/inflow before use of liquid resources and financing		(98,413)	260,472
Financing		-	(100,000)
(Decrease)/increase in cash in the year		(98,413)	160,472

Reconciliation of net cash flow to movement in net funds	20	2010 £	2009 £
(Decrease)/increase in cash in the year		(98,413)	160,472
Change in net debt resulting from cash flows		(98,413)	160,472
Net funds at 1 January		1,716,249	1,555,777
Net funds at 31 December		1,617,836	1,716,249

BUSHBURY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

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 buildings. 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. The company only profit and loss account for Bushbury Holdings Limited has not been presented as permitted by section 408 of the Companies Act 2006.

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 2010**

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

For the defined benefit scheme 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 2010

2. ANALYSES OF TURNOVER

	2010 £	2009 £
Geographical analysis by origin		
United Kingdom	3,058,296	3,502,804
Geographical analysis of turnover by destination		
United Kingdom	2,895,197	3,404,314
Other European countries	141,100	82,623
Rest of world	21,999	15,867
	3,058,296	3,502,804

3. INFORMATION RELATING TO DIRECTORS AND EMPLOYEES

	2010 £	2009 £
Directors' emoluments		
Emoluments	148,141	147,152
Pension contributions	1,800	1,800
	149,941	148,952
	No	No
Number of directors who are members of defined benefit pension schemes	2	2

	Group		Company	
	2010 No	2009 No	2010 No	2009 No
Average number of persons employed				
Production staff	39	41	-	-
Sales and distribution staff	4	3	-	-
Administrative staff	9	8	2	2
	52	52	2	2
	£	£	£	£
Staff costs during the year (including directors)				
Wages and salaries	1,121,677	1,088,989	125,464	125,464
Social security costs	114,049	112,950	14,906	14,910
Pension costs	206,034	206,339	33,234	34,198
	1,441,760	1,408,278	173,604	174,572

Group pension costs include amounts paid in relation to the defined benefit scheme of £191,582 (including the costs of running the scheme) (company - £31,434) and in relation to the defined contribution scheme of £14,452 (company - £1,800). The current service cost in relation to the defined benefit scheme is £nil, see note 22 for further details.

BUSHBURY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2010

4 OPERATING PROFIT

	2010 £	2009 £
The operating profit is after charging		
Depreciation		
Owned assets	46,602	40,252
Rentals under operating leases		
Other operating leases	16,500	16,500
Hire of plant and equipment	10,587	10,718
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	16,647	16,646
Non audit services – tax	5,637	4,325

5 INTEREST PAYABLE

	2010 £	2009 £
Notional interest on pension scheme (note 22)	1,000	65,000

6. INTEREST RECEIVABLE

	2010 £	2009 £
Bank interest receivable	3,703	6,115
Corporation tax repayments	5	8
	3,708	6,123

BUSHBURY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2010

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2010 £	2009 £
Tax charge for the year comprises		
Current taxation		
Corporation Tax	(9,959)	53,489
Adjustment in respect of prior years	(195)	(1)
Total current tax credit	(10,154)	53,488
Deferred taxation		
Origination and reversal of timing differences	28,307	23,218
Adjustment in respect of prior years	54	(1,085)
Total deferred tax charge	28,361	22,133
Tax charge on profit on ordinary activities	18,207	75,621
Factors affecting credit for the year		
Profit on ordinary activities before tax	97,203	329,698
Tax charge on ordinary activities at standard rate of 21% (2009–20 75%)	20,413	69,237
Expenses not deductible for tax purposes	2,957	2,504
Industrial buildings allowance	(400)	(801)
Depreciation in excess of capital allowances	3,503	(5,596)
Movement in short term timing differences	(409)	(22)
Difference in tax rates	(4,623)	5,806
Adjustment in respect of pension scheme	(31,400)	(17,640)
Adjustments in respect of prior years	(195)	-
Total current tax credit	(10,154)	53,488

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

	2010 £	2009 £
Profits dealt with in the accounts of the parent company	8,272	8,080

The Company has taken advantage of section 408 of Companies Act 2006 and consequently a profit and loss account for the Company alone is not provided

BUSHBURY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 December 2010

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 2010	900,000	200,940	1,080,186	2,181,126
Additions	-	-	3,435	3,435
Disposals	-	-	(1,187)	(1,187)
Adjustment on revaluation	(300,000)	-	-	(300,000)
At 31 December 2010	600,000	200,940	1,082,434	1,883,374
Accumulated depreciation				
At 1 January 2010	9,500	198,365	966,425	1,174,290
Charge for year	9,500	618	36,484	46,602
Disposals	-	-	(1,187)	(1,187)
Adjustment on revaluation	(19,000)	-	-	(19,000)
At 31 December 2010	-	198,983	1,001,722	1,200,705
Net book value				
At 31 December 2010	600,000	1,957	80,712	682,669
At 31 December 2009	890,500	2,575	113,761	1,006,836

The value of freehold land not depreciated is £325,000 (2009 £520,000)

Comparable amounts determined according to the historical cost convention

	£
Freehold land and buildings	
Cost	406,826
Accumulated depreciation	(96,108)
Net book value	
At 31 December 2010	310,718
At 31 December 2009	315,498

The freehold land and buildings were valued as at 31 December 2010 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 £600,000 as compared with the net book value of £881,000. This valuation was incorporated in the balance sheet at 31 December 2010 and the deficit arising on revaluation taken against revaluation reserve.

BUSHBURY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2010

9 TANGIBLE FIXED ASSETS (continued)

The Company		Plant and machinery £
Cost		
At 1 January 2010		2,822
Disposal		(1,187)
At 31 December 2010		<u>1,635</u>
Accumulated depreciation		
At 1 January 2010		2,395
Charge for year		284
Disposal		(1,187)
At 31 December 2010		<u>1,492</u>
Net book value		
At 31 December 2010		<u>143</u>
At 31 December 2009		<u>427</u>

10 INVESTMENTS HELD AS FIXED ASSETS

The Company

Shares in subsidiary companies	£
At cost	
At 1 January 2010 and 31 December 2010	<u>216,080</u>

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 2010

11. STOCKS

	Group	
	2010	2009
	£	£
Raw materials and components	333,314	353,029
Work in progress	205,781	157,104
Finished goods	131,372	108,848
	<u>670,467</u>	<u>618,981</u>

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

12. DEBTORS

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Trade debtors	350,773	431,712	-	-
Other debtors	5,063	-	-	-
Amounts due from subsidiary companies	-	-	33,205	26,994
Prepayments and accrued income	29,474	34,709	3,464	3,623
Deferred tax asset (note 14)	-	-	2	-
Corporation tax	15,665	511	-	-
	<u>400,975</u>	<u>466,932</u>	<u>36,671</u>	<u>30,617</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Trade creditors	262,169	325,353	8,249	7,209
Corporation tax	5,706	53,489	2,232	2,243
Other taxes including social security	91,401	99,060	14,607	12,123
Other creditors	11,029	10,760	270	270
Accruals and deferred income	96,386	91,837	6,867	9,080
	<u>466,691</u>	<u>580,499</u>	<u>32,225</u>	<u>30,925</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 2010 was £Nil (2009 - £ Nil)

BUSHBURY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2010

14. DEFERRED TAXATION

Deferred taxation asset/(liability)	Group £	Company £
Balance at 1 January 2010	(4,465)	(12)
Profit and loss account credit	3,039	14
	<u> </u>	<u> </u>
Balance at 31 December 2010	<u>(1,426)</u>	<u>2</u>

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

Group	Provided 2010 £	Provided 2009 £	Not Provided 2010 £	Not Provided 2009 £
Depreciation in advance of capital allowances	(2,106)	(5,555)	-	-
Revenue losses	-	-	-	-
Capital losses	-	-	44,133	44,133
Other short term timing differences	680	1,090	-	-
Capital gain on revaluation	-	-	-	(25,792)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Deferred tax asset/(liability)	<u>(1,426)</u>	<u>(4,465)</u>	<u>44,133</u>	<u>18,341</u>

Company	Provided 2010 £	Provided 2009 £	Not Provided 2010 £	Not Provided 2009 £
Depreciation in advance of capital allowances	(30)	(44)	-	-
Capital losses	-	-	-	-
Other short term timing differences	32	32	16,035	16,035
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Deferred tax (liability)/asset	<u>2</u>	<u>(12)</u>	<u>16,035</u>	<u>16,035</u>

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 £44,133 (company - £16,035). The asset would be recovered if these losses could be utilised going forward.

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 2010

15 CALLED UP SHARE CAPITAL

	2010 £	2009 £
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 2010	50,000	570,606	1,534,428
Profit for the financial year	-	-	78,996
Actuarial loss relating to the pension scheme	-	-	261,800
Transfer of amount equivalent to additional depreciation on revalued assets	-	(4,720)	4,720
Deficit on revaluation of land and buildings	-	(281,000)	-
Balance at 31 December 2010	50,000	284,886	1,879,944
The Company			
Balance at 1 January 2010	50,000	-	685,977
Profit for the financial year	-	-	8,272
Balance at 31 December 2010	50,000	-	694,249

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

17 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Group		Company	
	2010 £	2009 £	2010 £	2009 £
Profit for the financial year	78,996	254,077	8,272	8,080
Dividend	-	(100,000)	-	(100,000)
Actuarial profit /(loss) relating to the pension scheme	261,800	(435,400)	-	-
Deficit on revaluation of land and buildings	(281,000)	-	-	-
Net addition / (reduction) in to shareholders' funds	59,796	(281,323)	8,272	(91,920)
Opening shareholders' funds	2,255,034	2,536,357	835,977	927,897
Closing shareholders' funds	2,314,830	2,255,034	844,249	835,977

BUSHBURY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2010

18 RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS

	2010 £	2009 £
Operating profit	94,495	388,575
Depreciation	46,602	40,252
Increase in stocks	(51,486)	(73,387)
Decrease in debtors	81,111	149,264
Decrease in creditors	(66,025)	(33,117)
Adjustment for pension funding	(150,600)	(149,000)
Net cash (outflow)/inflow from operating activities	<u>(45,903)</u>	<u>322,587</u>

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

	2010 £	2009 £
Returns on investments and servicing of finance		
Interest received	<u>3,708</u>	<u>6,123</u>
Net cash inflow for returns on investments and servicing of finance	<u>3,708</u>	<u>6,123</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(3,435)	(70,039)
Sale of tangible fixed assets	<u>-</u>	<u>1,800</u>
Net cash outflow for capital expenditure and financial investment	<u>(3,435)</u>	<u>(68,239)</u>
Financing		
Dividend	<u>-</u>	<u>(100,000)</u>
Net cash outflow from financing	<u>-</u>	<u>(100,000)</u>

20. MOVEMENT IN NET FUNDS

	At 1 Jan 2010 £	Cash Flow £	At 31 Dec 2010 £
Cash in hand and at bank	<u>1,716,249</u>	<u>98,413</u>	<u>1,617,836</u>

21 FINANCIAL COMMITMENTS Operating lease commitments

At 31 December 2010, the group was committed to making the following payments during the next year in respect of operating leases

	Land and buildings 2010 £	2009 £
In respect of commitments that expire		
Within 1 year	-	-
Within 2-5 years	<u>16,500</u>	<u>16,500</u>

BUSHBURY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 December 2010

21 FINANCIAL COMMITMENTS (continued)

Capital commitments

The group and company has contracts for capital expenditure on hand amounting to £Nil (2009 - £Nil)

22. PENSION COSTS

The group operates a defined contribution pension scheme for all qualifying employees. The total cost charged to income of £14,452 (2009 - £11,184) 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 2010 (2009 - £Nil).

The group operates a defined benefit pension scheme, the assets of which are held separately from those of the group. The scheme is closed to new members. 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 2008. The contributions made by the group over the financial year to the pension scheme have been £150,600 (2009 - £148,800).

The most recent actuarial valuation showed that, at 5 April 2008, the scheme had a past service shortfall of £1,378,000 which is being cleared by payments at a rate of £142,400 per annum increasing annually in line with inflation to bring the funding level back to 100% by June 2018. The market value of the scheme's assets at that date was £5,301,000. 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 6.75% per annum and a rate of inflation of 3.4%.

FRS 17 is adopted in full and requires disclosure of the assets and liabilities as at 31 December 2010 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 2010.

The full actuarial valuation carried out at 5 April 2008 was updated to 31 December 2010 by a qualified independent actuary. The Projected Unit valuation method has been used.

The major financial assumptions used by the actuary at 31 December 2010 were (in nominal terms)

	2010 % pa	2009 % pa	2008 % pa
Rate of increase in salaries	-	-	-
Rate of increase in pensions in payment	3.45	3.30	2.70
Rate of increase of pensions in deferment	2.95	3.30	2.70
Discount rate	5.70	5.70	6.50
Inflation assumption RPI	3.45	3.30	2.70
Inflation assumption CPI	2.95	n/a	n/a
Expected return on plan assets	6.47	6.94	6.03
Pre-retirement mortality (non-pensioners)	PA92 YOB	PA92 YOB	PA92 YOB
Post-retirement mortality (non-pensioners)	medium	medium	medium
Post-retirement mortality (pensioners)	cohort(rated up2years)	cohort(rated up2years)	cohort(rated up2years)
	PA92 YOB	PA92 YOB	PA92 YOB
	medium	medium	medium
	cohort(rated up2years)	cohort(rated up2years)	cohort(rated up2years)
	PA92 YOB	PA92 YOB	PA92 YOB
	medium	medium	medium
	cohort(rated up2years)	cohort(rated up2years)	cohort(rated up2years)

BUSHBURY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2010

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 2010			31 December 2009			31 December 2008		
	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	7.00	4,594	78%	7.50	4,190	80%	6.70	3,356	74%
Gilts	4.00	401	7%	4.50	445	9%	3.70	299	7%
Bonds	5.70	385	7%	5.70	299	6%	6.50	424	9%
Cash	3.95	456	8%	3.80	285	5%	2.00	429	10%
Total market value of assets		5,836			5,219			4,508	
Present value of liabilities		(6,581)			(6,445)			(5,267)	
Deficit in the scheme		(745)			(1,226)			(759)	
Related deferred tax asset		156			257			159	
Net pension liability		(589)			(969)			(600)	

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.

	2010 £'000	2009 £'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	(360)	(332)
Expected return on pension scheme assets	359	267
Total finance cost	(1)	(65)

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	352	606
Experience gains arising on pension scheme liabilities	-	-
Changes in financial assumptions underlying pension scheme liabilities	(21)	(1,157)
Actuarial gain/(loss) recognised in the statement of total recognised gains and losses	331	(551)

BUSHBURY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 December 2010

22 PENSION COSTS (continued)

	2010 £'000	2009 £'000	2008 £'000	2007 £'000	2006 £'000
Movements in deficit during the year					
Deficit in schemes at 1 January	(1,226)	(759)	(192)	(841)	(1,132)
Current service cost	-	-	-	-	-
Employers' contributions received	151	149	150	150	161
Other finance costs	(1)	(65)	72	67	29
Actuarial gain/(loss)	331	(551)	(789)	432	101
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Deficit in the schemes as at 31 December	(745)	(1,226)	(759)	(192)	(841)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
History of experience gains and losses					
Difference between the expected and actual return on scheme assets					
Amount (£)	352	606	(1,607)	84	199
Percentage of scheme assets as at 31 December	6.0%	11.6%	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 (£)	331	(551)	(789)	432	101
Percentage of scheme liabilities as at 31 December	5.0%	8.5%	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