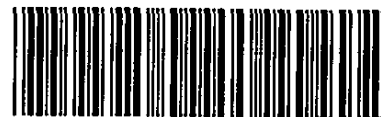


COMPANY REGISTRATION NUMBER 02427380

**Advanced Engineering Techniques Limited**  
**Financial statements**  
**31 October 2010**

**HARRISACCOUNTS LLP**  
Chartered Accountants & Statutory Auditor  
Marland House  
13 Huddersfield Road  
Barnsley  
South Yorkshire  
S70 2LW

SATURDAY



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# **Advanced Engineering Techniques Limited**

## **Financial statements**

**Year ended 31 October 2010**

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# **Advanced Engineering Techniques Limited**

## **Officers and professional advisers**

### **The board of directors**

Mr J Copeland  
Mr R Copeland  
Mr D Birch  
Mrs E Spencer  
Mrs A M Copeland

### **Company secretary**

Mrs A M Copeland

### **Registered office**

Marland House  
13 Huddersfield Road  
Barnsley  
South Yorkshire  
S70 2LW

### **Auditor**

Harrisaccounts LLP  
Chartered Accountants  
& Statutory Auditor  
Marland House  
13 Huddersfield Road  
Barnsley  
South Yorkshire  
S70 2LW

# **Advanced Engineering Techniques Limited**

## **The directors' report**

**Year ended 31 October 2010**

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 October 2010

### **Principal activities and business review**

The principal activity of the company is that of laser engineers, component producer and fabricator

The company has benefitted from a significant improvement in sales in 2010. The policy of maintaining relationships with key customers over prior years combined with competitive pricing, quality assured supply and high service levels meant that the business directly benefitted from the improvement in demand in all key markets as the year progressed.

As a result turnover increased by £1,120,367, up by 27% to £5,234,036. With ongoing tight control of costs and further productivity gains this resulted in improved profit before tax of £267,432 (2009 £135,633) and profit after tax of £227,537 (2009 £128,108) despite competitive markets. After tax and dividends £68,537 has been added to reserves (2009 £45,892 deducted from reserves).

Whilst markets remain competitive, the improvements seen in 2010 have been maintained into 2011 to date, to the benefit of the business. At the same time relationships with existing and potentially new significant customers continue to develop.

The business environment in which we operate however will continue to remain competitive and challenging. Due regard is given to these risks and uncertainties and the necessary actions are taken for planning the future development of the business including ongoing investment in state of the art production facilities.

### **Results and dividends**

The profit for the year, after taxation, amounted to £227,537. Particulars of dividends paid are detailed in note 9 to the financial statements.

# **Advanced Engineering Techniques Limited**

## **The directors' report *(continued)***

**Year ended 31 October 2010**

### **Financial instruments**

The company's operations expose it to a variety of financial risks that include the effects of price risk, credit risk, liquidity risk and interest rate risk. The company does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied.

The board of directors is responsible for monitoring financial risk and for deciding where it would be appropriate to use financial instruments to manage this risk.

### **Price risk**

The company has no exposure to equity securities price risk as it holds no listed or other equity investments.

### **Credit risk**

The company has implemented policies that require appropriate credit checks on potential customers before credit sales are made.

### **Liquidity risk**

The company actively maintains a mixture of long-term and short-term debt and in particular bank overdraft and invoice discounting finance and funding by its directors and connected companies, that is designed to ensure that the company has sufficient available funds for its operations.

### **Interest rate cashflow risk**

The company has interest-bearing liabilities by way of bank loans and overdrafts, and therefore is exposed to interest rate cashflow risk. The board of directors regularly review the level and mix of debt to manage interest rate risk.

### **Directors**

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

Mr J Copeland  
Mr R Copeland  
Mr D Birch  
Mrs E Spencer  
Mrs A M Copeland

### **Directors' responsibilities**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,

# **Advanced Engineering Techniques Limited**

## **The directors' report** *(continued)*

**Year ended 31 October 2010**

- 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.

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

### **Auditor**

Harrisaccounts LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006

Signed on behalf of the directors



Mrs E Spencer

Director

Approved by the directors on 12 April 2011

# **Advanced Engineering Techniques Limited**

## **Independent auditor's report to the shareholders of Advanced Engineering Techniques Limited**

**Year ended 31 October 2010**

We have audited the financial statements of Advanced Engineering Techniques Limited for the year ended 31 October 2010 which comprise the Profit and Loss Account, Balance Sheet, Cash Flow Statement and the related notes. 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 shareholders, 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 shareholders 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 shareholders 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 set out on pages 3 to 4, 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

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

## **Advanced Engineering Techniques Limited**

### **Independent auditor's report to the shareholders of Advanced Engineering Techniques Limited *(continued)***

**Year ended 31 October 2010**

#### **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, or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies regime

*Harrisaccounts LLP*

MR P HINCHLIFFE (Senior Statutory Auditor)

For and on behalf of

HARRISACCOUNTS LLP

Chartered Accountants & Statutory Auditor

Marland House  
13 Huddersfield Road  
Barnsley  
South Yorkshire  
S70 2LW

*27 May 2011*

# Advanced Engineering Techniques Limited

## Profit and loss account

Year ended 31 October 2010

|  | Note | 2010<br>£      | 2009<br>£      |
|--|------|----------------|----------------|
| Turnover   | 2    | 5,234,036      | 4,113,669      |
| Cost of sales  |      | (4,257,144)    | (3,277,265)    |
| <b>Gross profit</b>                                  |      | <b>976,892</b> | <b>836,404</b> |
| Administrative expenses                              |      | (679,159)      | (680,351)      |
| Other operating income                               | 3    | 40,000         | 42,857         |
| <b>Operating profit</b>                              | 4    | <b>337,733</b> | <b>198,910</b> |
| Interest payable and similar charges                 | 7    | (70,301)       | (63,277)       |
| <b>Profit on ordinary activities before taxation</b> |      | <b>267,432</b> | <b>135,633</b> |
| Tax on profit on ordinary activities                 | 8    | (39,895)       | (7,525)        |
| <b>Profit for the financial year</b>                 |      | <b>227,537</b> | <b>128,108</b> |

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above

The notes on pages 10 to 23 form part of these financial statements.

# Advanced Engineering Techniques Limited

## Balance sheet

31 October 2010

|  | Note | £                | 2010<br>£        | £                | 2009<br>£        |
|--|------|------------------|------------------|------------------|------------------|
| <b>Fixed assets</b>  |      |                  |                  |                  |                  |
| Intangible assets  | 10   |                  | 249,058          |                  | 234,148          |
| Tangible assets  | 11   |                  | 1,549,785        |                  | 1,232,194        |
|  |      |                  | <u>1,798,843</u> |                  | <u>1,466,342</u> |
| <b>Current assets</b>  |      |                  |                  |                  |                  |
| Stocks   | 12   | 407,743          |                  | 309,002          |                  |
| Debtors  | 13   | 2,052,810        |                  | 1,447,809        |                  |
| Cash at bank and in hand                                       |      | 760              |                  | 475              |                  |
|  |      | <u>2,461,313</u> |                  | <u>1,757,286</u> |                  |
| <b>Creditors: Amounts falling due within one year</b>          | 14   | (2,698,658)      |                  | (2,032,876)      |                  |
| <b>Net current liabilities</b>                                 |      |                  | (237,345)        |                  | (275,590)        |
| <b>Total assets less current liabilities</b>                   |      |                  | <u>1,561,498</u> |                  | <u>1,190,752</u> |
| <b>Creditors: Amounts falling due after more than one year</b> | 15   |                  | (859,280)        |                  | (548,268)        |
| <b>Provisions for liabilities</b>                              |      |                  |                  |                  |                  |
| Deferred taxation  | 17   |                  | (140,580)        |                  | (109,383)        |
| Other provisions   | 18   |                  | —                |                  | (40,000)         |
|  |      |                  | <u>561,638</u>   |                  | <u>493,101</u>   |
| <b>Capital and reserves</b>                                    |      |                  |                  |                  |                  |
| Called-up equity share capital                                 | 22   |                  | 75               |                  | 75               |
| Other reserves   | 23   |                  | 25               |                  | 25               |
| Profit and loss account  | 24   |                  | 561,538          |                  | 493,001          |
| <b>Shareholders' funds</b>                                     | 25   |                  | <u>561,638</u>   |                  | <u>493,101</u>   |

These financial statements were approved by the directors and authorised for issue on 12 April 2011, and are signed on their behalf by



Mr D Birch  
Director

Company Registration Number 02427380

The notes on pages 10 to 23 form part of these financial statements.

# Advanced Engineering Techniques Limited

## Cash flow statement

Year ended 31 October 2010

|  | Note | £ | 2010<br>£          | £ | 2009<br>£      |
|--|------|---|--------------------|---|----------------|
| <b>Net cash (outflow)/inflow from operating activities</b> | 26   |   | (251,794)          |   | 433,025        |
| <b>Returns on investments and servicing of finance</b>     | 26   |   | (70,301)           |   | (63,277)       |
| <b>Taxation</b>  | 26   |   | (42,831)           |   | (45,546)       |
| <b>Capital expenditure and financial investment</b>        | 26   |   | (499,726)          |   | (121,300)      |
| <b>Equity dividends paid</b>                               |      |   | (159,000)          |   | (174,000)      |
| <b>Cash (outflow)/inflow before financing</b>              |      |   | <u>(1,023,652)</u> |   | <u>28,902</u>  |
| <b>Financing</b>   | 26   |   | 474,258            |   | 73,531         |
| <b>(Decrease)/increase in cash</b>                         | 26   |   | <u>(549,394)</u>   |   | <u>102,433</u> |

The notes on pages 10 to 23 form part of these financial statements.

# **Advanced Engineering Techniques Limited**

## **Notes to the financial statements**

**Year ended 31 October 2010**

### **1. Accounting policies**

#### **Basis of accounting**

The financial statements have been prepared under the historical cost convention

#### **Turnover**

Turnover represents amounts earned on goods and services provided during the year and derives from the provision of goods falling within the company's ordinary activities

#### **Amortisation**

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Capitalised patent costs are amortised at 10% per annum on a straight line basis

#### **Fixed assets**

All fixed assets are initially recorded at cost

#### **Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

|                     |                                     |
|---------------------|-------------------------------------|
| Leasehold Property  | - straight line over 50 years       |
| Plant & Machinery   | - 15% Per annum on reducing balance |
| Fixtures & Fittings | - 15% Per annum on reducing balance |
| Motor Vehicles      | - 25% Per annum on reducing balance |

#### **Stocks**

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

#### **Work in progress**

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

#### **Hire purchase agreements**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce constant period rates of charge on the net obligations outstanding in each period.

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

#### **Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

# **Advanced Engineering Techniques Limited**

## **Notes to the financial statements**

**Year ended 31 October 2010**

### **1. Accounting policies *(continued)***

#### **Deferred taxation**

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

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

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

#### **Going concern**

The company's trading results improved significantly during the year with turnover increasing by £1,120k (up 27%) and profit before tax almost doubling to £267k

As of the year end, current liabilities were reduced by £38k to £237k Included within this was bank borrowings of £1,410k (2009. £860k) supporting the higher turnover Amounts were also owed to connected companies, including Holbrook Property Company Limited ("Holbrook") and certain directors totalling £450k (2009 £462k) due in more than one year

New capital plant purchases as part of the programme of maintaining state of the art facilities resulted in finance lease and hire purchase creditors of £231k (2009 £68k) and £409k (2009 £86k) respectively due within and after more than one year

As noted in the directors report the company meets its day to day working capital needs through bank borrowing facilities together with borrowings from connected companies and directors. The company prepares regular financial forecasts for periodic review with its bank which has agreed to continue to make adequate facilities available to support the working capital needs going forward Combined with the ongoing support of Holbrook and the directors, the company's forecasts continue to project adequate facilities to meet future ongoing requirements The directors will continue to make any necessary response to any changes in the external environment that would threaten this position

On this basis the directors believe it is appropriate to continue to prepare the accounts on a going concern basis

#### **Deferred government grants**

Grants are credited to deferred revenue Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred

#### **Patents**

Capitalised patent costs are either amortised at 10% per annum on a straight line basis or written off immediately where the patent has lapsed

# Advanced Engineering Techniques Limited

## Notes to the financial statements

Year ended 31 October 2010

### 2. Turnover

The turnover and profit before tax are attributable to the one principal activity of the company  
An analysis of turnover is given below

|                | 2010<br>£        | 2009<br>£        |
|----------------|------------------|------------------|
| United Kingdom | <u>5,234,036</u> | <u>4,113,669</u> |

### 3. Other operating income

|                        | 2010<br>£     | 2009<br>£     |
|------------------------|---------------|---------------|
| Other operating income | <u>40,000</u> | <u>42,857</u> |

### 4. Operating profit

Operating profit is stated after charging

|  | 2010<br>£     | 2009<br>£     |
|--|---------------|---------------|
| Amortisation of intangible assets                          | 23,415        | –             |
| Depreciation of owned fixed assets                         | 74,555        | 78,739        |
| Depreciation of assets held under hire purchase agreements | 64,628        | 76,655        |
| Loss on disposal of fixed assets                           | 4,627         | 3,251         |
| Operating lease costs                                      |               |               |
| - Plant and equipment                                      | 5,023         | 3,856         |
| - Other  | 153,000       | 153,000       |
| Auditor's remuneration - audit of the financial statements | 14,050        | 16,650        |
| Auditor's remuneration - other fees                        | <u>2,450</u>  | <u>1,950</u>  |
|  | 2010<br>£     | 2009<br>£     |
| Auditor's remuneration - audit of the financial statements | <u>14,050</u> | <u>16,650</u> |
| Auditor's remuneration - other fees                        |               |               |
| - Taxation services  | 950           | 950           |
| - other  | <u>1,500</u>  | <u>1,000</u>  |
|  | <u>2,450</u>  | <u>1,950</u>  |

# Advanced Engineering Techniques Limited

## Notes to the financial statements

Year ended 31 October 2010

### 5. Particulars of employees

The average number of staff employed by the company during the financial year amounted to

|                                       | 2010<br>No | 2009<br>No |
|---------------------------------------|------------|------------|
| Sales, design and manufacturing staff | 70         | 66         |
| Administrative staff and directors    | 10         | 10         |
|                                       | <u>80</u>  | <u>76</u>  |

The aggregate payroll costs of the above were

|                       | 2010<br>£        | 2009<br>£        |
|-----------------------|------------------|------------------|
| Wages and salaries    | 1,376,901        | 1,360,315        |
| Social security costs | 130,759          | 120,488          |
|                       | <u>1,507,660</u> | <u>1,480,803</u> |

### 6. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services were

|                         | 2010<br>£     | 2009<br>£     |
|-------------------------|---------------|---------------|
| Remuneration receivable | <u>62,465</u> | <u>63,052</u> |

### 7. Interest payable and similar charges

|                                    | 2010<br>£     | 2009<br>£     |
|------------------------------------|---------------|---------------|
| Interest payable on bank borrowing | 31,923        | 22,021        |
| Finance charges                    | 30,226        | 39,130        |
| Other similar charges payable      | 8,152         | 2,126         |
|                                    | <u>70,301</u> | <u>63,277</u> |

# Advanced Engineering Techniques Limited

## Notes to the financial statements

Year ended 31 October 2010

### 8. Taxation on ordinary activities

#### (a) Analysis of charge in the year

|  | 2010<br>£ | 2009<br>£ |
|--|-----------|-----------|
| Current tax  |           |           |
| In respect of the year                                   |           |           |
| UK Corporation tax based on the results for the year     | 21,939    | 41,661    |
| Over/under provision in prior year                       | (13,241)  | (31,177)  |
| Total current tax  | 8,698     | 10,484    |
| Deferred tax   |           |           |
| Origination and reversal of timing differences (note 17) |           |           |
| Capital allowances                                       | 31,197    | (2,959)   |
| Tax on profit on ordinary activities                     | 39,895    | 7,525     |

#### (b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 21% (2009 - 28%)

|   | 2010<br>£ | 2009<br>£ |
|---|-----------|-----------|
| Profit on ordinary activities before taxation               | 267,432   | 135,633   |
| Profit on ordinary activities by rate of tax                | 56,161    | 37,977    |
| Expenses not deductible for tax purposes                    | -         | 12,932    |
| Capital allowances for the period in excess of depreciation | (15,847)  | 11,154    |
| Research and development enhancement                        | (18,375)  | (10,500)  |
| Adjustments to tax charge in respect of previous periods    | (13,241)  | (31,177)  |
| Marginal rate relief  | -         | (9,902)   |
| Total current tax (note 8(a))                               | 8,698     | 10,484    |

# Advanced Engineering Techniques Limited

## Notes to the financial statements

Year ended 31 October 2010

### 9. Dividends

#### Equity dividends

|                   | 2010<br>£      | 2009<br>£      |
|-------------------|----------------|----------------|
| Ordinary A shares | 27,560         | 30,160         |
| Ordinary B shares | 25,440         | 27,840         |
| Ordinary C shares | 53,000         | 58,000         |
| Ordinary D shares | 53,000         | 58,000         |
|                   | <u>159,000</u> | <u>174,000</u> |

### 10. Intangible fixed assets

|                           | Patents<br>£   |
|---------------------------|----------------|
| <b>Cost</b>               |                |
| At 1 November 2009        | 234,148        |
| Additions                 | <u>38,325</u>  |
| <b>At 31 October 2010</b> | <u>272,473</u> |
| <b>Amortisation</b>       |                |
| Charge for the year       | <u>23,415</u>  |
| <b>At 31 October 2010</b> | <u>23,415</u>  |
| <b>Net book value</b>     |                |
| <b>At 31 October 2010</b> | <u>249,058</u> |
| At 31 October 2009        | <u>234,148</u> |

# Advanced Engineering Techniques Limited

## Notes to the financial statements

Year ended 31 October 2010

### 11. Tangible fixed assets

|                           | Leasehold<br>Property<br>£ | Plant &<br>Machinery<br>£ | Fixtures &<br>Fittings<br>£ | Motor<br>Vehicles<br>£ | Total<br>£       |
|---------------------------|----------------------------|---------------------------|-----------------------------|------------------------|------------------|
| <b>Cost</b>               |                            |                           |                             |                        |                  |
| At 1 November 2009        | 544,008                    | 2,056,158                 | 35,857                      | 92,347                 | 2,728,370        |
| Additions                 | 2,170                      | 540,626                   | 6,185                       | 9,420                  | 558,401          |
| Disposals                 | –                          | (393,732)                 | –                           | (43,893)               | (437,625)        |
| <b>At 31 October 2010</b> | <b>546,178</b>             | <b>2,203,052</b>          | <b>42,042</b>               | <b>57,874</b>          | <b>2,849,146</b> |
| <b>Depreciation</b>       |                            |                           |                             |                        |                  |
| At 1 November 2009        | 103,410                    | 1,297,038                 | 26,206                      | 69,522                 | 1,496,176        |
| Charge for the year       | 9,743                      | 121,909                   | 2,758                       | 4,773                  | 139,183          |
| On disposals              | –                          | (304,330)                 | –                           | (31,668)               | (335,998)        |
| <b>At 31 October 2010</b> | <b>113,153</b>             | <b>1,114,617</b>          | <b>28,964</b>               | <b>42,627</b>          | <b>1,299,361</b> |
| <b>Net book value</b>     |                            |                           |                             |                        |                  |
| <b>At 31 October 2010</b> | <b>433,025</b>             | <b>1,088,435</b>          | <b>13,078</b>               | <b>15,247</b>          | <b>1,549,785</b> |
| At 31 October 2009        | 440,598                    | 759,120                   | 9,651                       | 22,825                 | 1,232,194        |

### Hire purchase agreements

Included within the net book value of £1,549,785 is £845,518 (2009 - £408,265) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £64,628 (2009 - £76,655).

### 12. Stocks

|                  | 2010<br>£      | 2009<br>£      |
|------------------|----------------|----------------|
| Raw materials    | 64,749         | 30,772         |
| Work in progress | 193,681        | 94,722         |
| Finished goods   | 149,313        | 183,508        |
|                  | <b>407,743</b> | <b>309,002</b> |

# Advanced Engineering Techniques Limited

## Notes to the financial statements

Year ended 31 October 2010

### 13. Debtors

|  | 2010             | 2009             |
|--|------------------|------------------|
|  | £                | £                |
| Trade debtors  | 1,451,237        | 878,063          |
| Amounts owed by undertakings in which the company has a participating interest | 543,574          | 469,303          |
| Other debtors  | 6,145            | 21,079           |
| Directors current accounts   | 14,572           | 12,979           |
| Prepayments and accrued income   | 37,282           | 66,385           |
|  | <u>2,052,810</u> | <u>1,447,809</u> |

Amounts owed by connected companies (Advanced Turf Technology Limited - see note 22) are shown as receivable in less than one year as technically the debt is repayable on demand. Certain of the company's directors are also shareholders of Advanced Turf Technology Limited. In the view of the company's directors, the debt will be collected in full, but the directors have agreed that it will be repaid as the connected company's cashflow allows, which is unlikely to be within 12 months of the balance sheet date.

### 14. Creditors: Amounts falling due within one year

|                              | 2010             | 2009             |
|------------------------------|------------------|------------------|
|                              | £                | £                |
| Overdrafts                   | 1,410,426        | 860,747          |
| Trade creditors              | 875,576          | 742,517          |
| Taxation and social security | 115,438          | 320,285          |
| Hire purchase agreements     | 231,522          | 68,276           |
| Other creditors              | 8,925            | 1,913            |
| Directors current accounts   | 952              | 1,671            |
| Accruals and deferred income | 55,819           | 37,467           |
|                              | <u>2,698,658</u> | <u>2,032,876</u> |

The bank overdrafts are secured by a fixed charge over the assets of the company including outstanding sales invoices.

### 15. Creditors: Amounts falling due after more than one year

|                          | 2010           | 2009           |
|--------------------------|----------------|----------------|
|                          | £              | £              |
| Directors' accounts      | 46,105         | 43,776         |
| Bank loans               | 403,648        | 418,427        |
| Hire purchase agreements | 409,527        | 86,065         |
|                          | <u>859,280</u> | <u>548,268</u> |

The hire purchase creditors are secured on the assets to which they relate.

# Advanced Engineering Techniques Limited

## Notes to the financial statements

Year ended 31 October 2010

### 16. Commitments under hire purchase agreements

Future commitments under hire purchase agreements are as follows

|  | 2010<br>£      | 2009<br>£      |
|--|----------------|----------------|
| Hire purchase agreements are analysed as follows |                |                |
| Current obligations                              | 231,522        | 68,276         |
| Non-current obligations                          | 409,527        | 86,065         |
|  | <u>641,049</u> | <u>154,341</u> |

### 17. Deferred taxation

The movement in the deferred taxation provision during the year was

|  | 2010<br>£      | 2009<br>£      |
|--|----------------|----------------|
| Provision brought forward                                | 109,383        | 112,342        |
| Profit and loss account movement arising during the year | 31,197         | (2,959)        |
| Provision carried forward                                | <u>140,580</u> | <u>109,383</u> |

The provision for deferred taxation consists of the tax effect of timing differences in respect of

|   | 2010<br>£      | 2009<br>£      |
|---|----------------|----------------|
| Excess of taxation allowances over depreciation on fixed assets | 140,580        | 109,383        |
|   | <u>140,580</u> | <u>109,383</u> |

### 18. Other provisions

|                           | 2010<br>£       |
|---------------------------|-----------------|
| <b>Government grants:</b> |                 |
| Balance brought forward   | 40,000          |
| Movement for year         | <u>(40,000)</u> |
|                           | <u>-</u>        |

# Advanced Engineering Techniques Limited

## Notes to the financial statements

Year ended 31 October 2010

### 19. Commitments under operating leases

At 31 October 2010 the company had annual commitments under non-cancellable operating leases as set out below

|                               | 2010                       |                     | 2009                       |                     |
|-------------------------------|----------------------------|---------------------|----------------------------|---------------------|
|                               | Land and<br>buildings<br>£ | Other<br>Items<br>£ | Land and<br>buildings<br>£ | Other<br>Items<br>£ |
| Operating leases which expire |                            |                     |                            |                     |
| Within 1 year                 | -                          | 5,178               | -                          | 6,209               |
| Within 2 to 5 years           | -                          | 12,223              | -                          | 9,975               |
| After more than 5 years       | 153,000                    | -                   | 153,000                    | -                   |
|                               | <u>153,000</u>             | <u>17,401</u>       | <u>153,000</u>             | <u>16,184</u>       |

### 20. Transactions with directors

#### Advances to directors

The following directors had interest free loans during the year and the movements thereon during the year were

D Birch, amount owed at 31 October 2010 was £927, an increase in the year of £927 (2009 £nil), and the maximum outstanding during the year was £927

E Spencer, amount owed at 31 October 2010 was £13,645, an increase in the year of £666 (2009 £12,979), and the maximum outstanding during the year was £13,645

# **Advanced Engineering Techniques Limited**

## **Notes to the financial statements**

**Year ended 31 October 2010**

### **21. Related party transactions**

The directors consider the following to be related parties

#### **Directors**

Mr J Copeland who is a 17.4% shareholder in the company

Mrs A M Copeland who is a 16% shareholder in the company

Mr R Copeland who is a 33.3% shareholder in the company

Mr D Birch who is a 33.3% shareholder in the company

Mrs E Spencer

#### **Nyecroft Limited**

A company in which Mr J Copeland is a director and controlling shareholder by virtue of him holding 51% of the total issued share capital

#### **The Holbrook Property Company Limited**

A company in which Mr J Copeland, Mr R Copeland and Mr D Birch are directors and hold a total of 75% of the issued share capital, a holding of 25% each

#### **Advanced Turf Technology Limited**

A company in which Mr J Copeland and Mrs A M Copeland are directors and minority shareholders, and also Mr D Birch is a minority shareholder

The following transactions took place with related parties during the year at arms length and on normal commercial terms

#### **The Holbrook Property Company Limited**

£153,000 (2009 £153,000) was charged by The Holbrook Property Company Limited for the rent of premises

#### **Advanced Turf Technology Limited**

£132,472 (2009 £124,296) was charged to Advanced Turf Technology Limited by the company for machine sales. The company purchased goods and services from Advanced Turf Technology Limited costing £3,194 (2009 £4,471)

#### **Dividends were paid as follows:**

Mr J and Mrs A M Copeland totalling £53,000 (2009 £58,000)

Mr R Copeland totalling £53,000 (2009 £58,000)

Mr D Birch totalling £53,000 (2009 £58,000)

The following balances were owed to or due from related parties at the balance sheet date

#### **Included in creditors due after one year (note 15)**

A total of £403,648 (2009 £418,427), including balances with Nyecroft Limited of £45,715 (2009 £52,715) and with The Holbrook Property Company Limited of £357,933 (2009 £365,712).

# Advanced Engineering Techniques Limited

## Notes to the financial statements

Year ended 31 October 2010

### 21. Related party transactions *(continued)*

#### Included in creditors due within one year (note 14)

A total of £8,925 (2009 £8,925) due to The Holbrook Property Company Limited

#### Included in debtors (note 13)

A total of £543,572 (2009 £469,303) due from Advanced Turf Technology Limited

### 22. Share capital

Allotted, called up and fully paid:

|  | 2010      |           | 2009      |           |
|--|-----------|-----------|-----------|-----------|
|  | No        | £         | No        | £         |
| 13 Ordinary A shares shares of £1 each | 13        | 13        | 13        | 13        |
| 12 Ordinary B shares shares of £1 each | 12        | 12        | 12        | 12        |
| 25 Ordinary C shares shares of £1 each | 25        | 25        | 25        | 25        |
| 25 Ordinary D shares shares of £1 each | 25        | 25        | 25        | 25        |
|  | <u>75</u> | <u>75</u> | <u>75</u> | <u>75</u> |

### 23. Other reserves

|                            | 2010      | 2009      |
|----------------------------|-----------|-----------|
|                            | £         | £         |
| Capital redemption reserve | <u>25</u> | <u>25</u> |

### 24. Profit and loss account

|                               | 2010           | 2009           |
|-------------------------------|----------------|----------------|
|                               | £              | £              |
| Balance brought forward       | 493,001        | 538,893        |
| Profit for the financial year | 227,537        | 128,108        |
| Equity dividends              | (159,000)      | (174,000)      |
| Balance carried forward       | <u>561,538</u> | <u>493,001</u> |

### 25. Reconciliation of movements in shareholders' funds

|   | 2010           | 2009           |
|---|----------------|----------------|
|   | £              | £              |
| Profit for the financial year                   | 227,537        | 128,108        |
| Equity dividends                                | (159,000)      | (174,000)      |
| Net addition/(reduction) to shareholders' funds | 68,537         | (45,892)       |
| Opening shareholders' funds                     | 493,101        | 538,993        |
| Closing shareholders' funds                     | <u>561,638</u> | <u>493,101</u> |

# Advanced Engineering Techniques Limited

## Notes to the financial statements

Year ended 31 October 2010

### 26. Notes to the cash flow statement

#### Reconciliation of operating profit to net cash (outflow)/inflow from operating activities

|   | 2010             | 2009           |
|---|------------------|----------------|
|   | £                | £              |
| Operating profit                                    | 337,733          | 198,910        |
| Amortisation  | 23,415           | —              |
| Depreciation  | 139,183          | 155,394        |
| Loss on disposal of fixed assets                    | 4,627            | 3,251          |
| Increase in stocks                                  | (98,741)         | (63,290)       |
| (Increase)/decrease in debtors                      | (605,001)        | 57,038         |
| (Decrease)/increase in creditors                    | (13,010)         | 124,579        |
| Decrease in provisions                              | (40,000)         | (42,857)       |
| Net cash (outflow)/inflow from operating activities | <u>(251,794)</u> | <u>433,025</u> |

#### Returns on investments and servicing of finance

|   | 2010            | 2009            |
|---|-----------------|-----------------|
|   | £               | £               |
| Interest paid   | (40,075)        | (24,147)        |
| Interest element of hire purchase                                     | <u>(30,226)</u> | <u>(39,130)</u> |
| Net cash outflow from returns on investments and servicing of finance | <u>(70,301)</u> | <u>(63,277)</u> |

#### Taxation

|          | 2010            | 2009            |
|----------|-----------------|-----------------|
|          | £               | £               |
| Taxation | <u>(42,831)</u> | <u>(45,546)</u> |

#### Capital expenditure

|   | 2010             | 2009             |
|---|------------------|------------------|
|   | £                | £                |
| Payments to acquire intangible fixed assets | (38,325)         | (95,039)         |
| Payments to acquire tangible fixed assets   | (558,401)        | (31,511)         |
| Receipts from sale of fixed assets          | 97,000           | 5,250            |
| Net cash outflow from capital expenditure   | <u>(499,726)</u> | <u>(121,300)</u> |

#### Financing

|                                       | 2010           | 2009          |
|---------------------------------------|----------------|---------------|
|                                       | £              | £             |
| (Repayment of)/increase in bank loans | (12,450)       | 243,772       |
| Capital element of hire purchase      | 486,708        | (170,241)     |
| Net cash inflow from financing        | <u>474,258</u> | <u>73,531</u> |

# Advanced Engineering Techniques Limited

## Notes to the financial statements

Year ended 31 October 2010

### 26. Notes to the cash flow statement *(continued)*

#### Reconciliation of net cash flow to movement in net debt

|  | £         | 2010<br>£   | £         | 2009<br>£   |
|--|-----------|-------------|-----------|-------------|
| (Decrease)/increase in cash in the period      | (549,394) |             | 102,433   |             |
| Net cash outflow from/(inflow) from bank loans | 12,450    |             | (243,772) |             |
| Cash outflow in respect of hire purchase       | (486,708) |             | 170,241   |             |
|  |           | (1,023,652) |           | 28,902      |
| Change in net debt                             |           | (1,023,652) |           | 28,902      |
| Net debt at 1 November 2009                    |           | (1,476,816) |           | (1,505,714) |
| Net debt at 31 October 2010                    |           | (2,500,468) |           | (1,476,816) |

#### Analysis of changes in net debt

|                          | At<br>1 Nov 2009<br>£ | Cash flows<br>£ | Other<br>changes<br>£ | At<br>31 Oct 2010<br>£ |
|--------------------------|-----------------------|-----------------|-----------------------|------------------------|
| Net cash                 |                       |                 |                       |                        |
| Cash in hand and at bank | 475                   | 285             | —                     | 760                    |
| Overdrafts               | (860,747)             | (549,679)       | —                     | (1,410,426)            |
|                          | (860,272)             | (549,394)       | —                     | (1,409,666)            |
| Debt                     |                       |                 |                       |                        |
| Debt due after 1 year    | (462,203)             | 12,450          | —                     | (449,753)              |
| Hire purchase agreements | (154,341)             | (486,708)       | —                     | (641,049)              |
|                          | (616,544)             | (474,258)       | —                     | (1,090,802)            |
| Net debt                 | (1,476,816)           | (1,023,652)     | —                     | (2,500,468)            |