

Birley Manufacturing Limited

Report and Financial Statements

Year Ended

31 December 2010

Company Number 3728374

FRIDAY



A4CDKXZJ

A56

30/09/2011

262

COMPANIES HOUSE

Birley Manufacturing Limited

Report and financial statements for the year ended 31 December 2010

Contents

Page:

1	Report of the directors
4	Independent auditor's report
6	Profit and loss account
7	Balance sheet
8	Notes forming part of the financial statements

Directors

M G Barlow
S English
I P Campbell

Secretary and registered office

T D Roberts, Birley Vale Avenue, Birley Vale, Sheffield, S12 2AX

Company number

3728374

Auditors

BDO LLP, 1 Bridgewater Place, Water Lane, Leeds, LS11 5RU

Bankers

HSBC Bank plc, 17 Church Street, Sheffield, S1 1HZ

Solicitors

DLA, Fountain Precinct, Balm Green, Sheffield, S1 1RZ

Birley Manufacturing Limited

Report of the directors for the year ended 31 December 2010

The directors present their report together with the audited financial statements for the year ended 31 December 2010

Principal activities and future developments

The company is engaged in the manufacture and installation of bespoke joinery and metalwork products to businesses operating in the UK, Ireland and mainland Europe. There have been no changes in the company's activities in the year under review.

Review of the business

The profit and loss account is set out on page 6 and shows turnover for the year of £7,697,381 (2009 £7,123,476) and profit after tax for the year of £333,976 (2009 £332,348).

Interim dividends of £50,000 were distributed to ordinary shareholders during the year. The directors do not recommend the payment of a final dividend.

There have been no events since the balance sheet date that materially effect the position of the company.

Principal risks and uncertainties

Manufacturing conditions in the UK remain challenging given the current business environment. The company is focusing on its long term relationships with supermarket clients, who are continuing their growth strategies. A growth strategy is also in place to develop new clients.

The company's credit risk is primarily attributable to its trade debtors. Credit risk is managed by running credit checks on new customers and by monitoring payments against contractual arrangements.

Cash flow will continue to be an important factor to the business and will continue to be monitored by the Senior Management Team.

Key performance indicators

The company uses a number of key performance indicators to manage and control the assets and profitability of the business. The key performance indicators of the company are as follows:

	Note	2010 £	2009 £
Return on capital employed (ROCE) (%)	1	17	19
Gross Profit Margin (%)		31	31
Debtor days		60	73
Cash generated from operating activities (£)		546,934	228,005

Note

1 Return on capital employed = Operating profit as a percentage of shareholders' funds

Birley Manufacturing Limited

Report of the directors for the year ended 31 December 2010 (continued)

Key performance indicators (continued)

Non-financial key performance indicators are set and monitored monthly for Health & Safety, environmental impact, waste, production capacity and product quality

The directors continue to promote a strong Health & Safety culture and have adopted relevant policies to manage the impact of the company's activities on the environment. Regular meetings with employees are maintained throughout the year in order to develop a partnership involvement.

Birley Manufacturing Limited now holds all three BSI standards - Health & Safety - OHSAS 18001, Quality - BS EN ISO 9001 and Environmental - EMS 14001 (achieved in 2008).

Directors

The directors of the company during the year were

M G Barlow
S English
I P Campbell

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and exist at the date of this report.

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 these financial statements, the directors are required to

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

Birley Manufacturing Limited

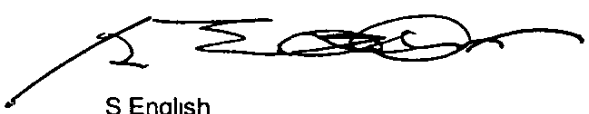
Report of the directors for the year ended 31 December 2010 (*continued*)

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

On behalf of the board



S English
Director

Date 31/2/11

Birley Manufacturing Limited

Independent auditor's report

TO THE MEMBER OF BIRLEY MANUFACTURING LIMITED

We have audited the financial statements of Birley Manufacturing Limited for the year ended 31 December 2010 which comprise the profit and loss account, the balance sheet 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 member 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 member 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 member, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Birley Manufacturing Limited

Independent auditor's report (*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

- 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



*Paul Davies (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Leeds
United Kingdom*

Date *29 September 2011*

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Birley Manufacturing Limited

Profit and loss account for the year ended 31 December 2010

	Note	2010 £	2009 £
Turnover	2	7,697,381	7,123,476
Cost of sales		<u>5,303,532</u>	<u>4,892,151</u>
Gross profit		2,393,849	2,231,325
Administrative expenses		<u>2,064,237</u>	<u>1,956,914</u>
Operating profit	3	329,612	274,411
Other interest receivable and similar income		-	45
Interest payable and similar charges	6	<u>(6,397)</u>	<u>(927)</u>
Profit on ordinary activities before taxation		323,215	273,529
Taxation on profit on ordinary activities	7	<u>10,761</u>	<u>58,819</u>
Profit on ordinary activities after taxation		<u>333,976</u>	<u>332,348</u>

All amounts relate to continuing activities

All recognised gains and losses in the current and prior year are included in the profit and loss account

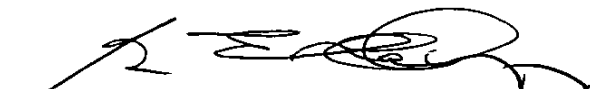
The notes on pages 8 to 18 form part of these financial statements

Birley Manufacturing Limited

Balance sheet at 31 December 2010

<i>Company number 3728374</i>	Note	2010 £	2010 £	2009 £	2009 £
Fixed assets					
Tangible assets	9		132,218		132,345
Current assets					
Stocks	10	1,322,379		616,255	
Debtors	11	1,333,994		1,724,119	
Cash at bank and in hand		839,006		422,815	
		<u>3,495,379</u>		<u>2,763,189</u>	
Creditors: amounts falling due within one year	12	<u>1,895,091</u>		<u>1,420,039</u>	
Net current assets			<u>1,600,288</u>		<u>1,343,150</u>
Total assets less current liabilities			<u>1,732,506</u>		<u>1,475,495</u>
Creditors, amounts falling due after more than one year	13	8,751		22,931	
Provisions for liabilities	14	<u>41,738</u>		<u>54,523</u>	
			<u>50,489</u>		<u>77,454</u>
			<u>1,682,017</u>		<u>1,398,041</u>
Capital and reserves					
Called up share capital	16		2		2
Profit and loss account	17		<u>1,682,015</u>		<u>1,398,039</u>
Shareholder's funds	18		<u>1,682,017</u>		<u>1,398,041</u>

The financial statements were approved by the board of directors and authorised for issue on


 S English
 Director

31/8/11

The notes on pages 8 to 18 form part of these financial statements

Birley Manufacturing Limited

Notes forming part of the financial statements for the year ended 31 December 2010

1 Accounting policies

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

The company meets its day to day working capital requirements through cash resources and an overdraft facility which is due for renewal on standard terms and conditions in December 2011. The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current facilities. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

The following principal accounting policies have been applied

Cash flow statement

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that at least 90% of the voting rights in the company are controlled within the group headed by Birley Manufacturing Holdings Limited and the company is included in consolidated financial statements.

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax or local taxes on sales. Revenue on sale of goods is recognised in the profit and loss account when the significant risks and rewards of ownership have been transferred, which is typically upon delivery of goods to the customer. Revenue on the provision of services is recognised in the period in which the services are rendered.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets evenly over their expected useful lives. It is calculated at the following rates:

Plant and machinery	- 15% straight line
Motor vehicles	- 33 3% reducing balance
Fixtures and fittings	- 15% straight line
Office equipment	- 33 3% straight line

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase, including attributable overheads, on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

Foreign currency

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Any differences are taken to the profit and loss account.

Warranty provision

A warranty provision is recognised as a liability in the financial statements where any unavoidable future cost can be measured reliably and a transfer of economic benefit is required to settle the transaction.

Birley Manufacturing Limited

Notes forming part of the financial statements for the year ended 31 December 2010 (*continued*)

1 Accounting policies (*continued*)

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that

- the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences

Deferred tax balances are not discounted

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account over the shorter of estimated useful economic life and the period of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Pension costs

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

2 Turnover

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom.

3 Operating profit

	2010 £	2009 £
This is arrived at after charging/(crediting)		
Depreciation of tangible fixed assets	60,843	62,159
Profit on disposal of tangible fixed assets	(550)	(2,962)
Hire of plant and machinery - operating leases	21,455	27,315
Hire of other assets - operating leases	134,500	134,500
Auditors' remuneration - fees payable to the company's auditor for the audit of the company's annual accounts	10,850	10,820
	<u> </u>	<u> </u>

Birley Manufacturing Limited

Notes forming part of the financial statements
for the year ended 31 December 2010 (*continued*)

4 Employees

Staff costs (including directors) consist of

	2010 £	2009 £
Wages and salaries	2,279,986	2,177,542
Social security costs	225,816	215,931
Other pension costs	57,906	54,073
	<u>2,563,708</u>	<u>2,447,546</u>

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

	2010 Number	2009 Number
Direct	50	47
Administration	38	41
	<u>88</u>	<u>88</u>

5 Directors' remuneration

	2010 £	2009 £
Directors' emoluments	102,000	98,175
Company contributions to money purchase pension schemes	4,242	4,200
	<u>106,242</u>	<u>102,375</u>

There was 1 director in the company's defined contribution pension scheme during the year (2009 - 1)

6 Interest payable and similar charges

	2010 £	2009 £
Bank loans and overdrafts	2,679	-
Finance leases and hire purchase contracts	3,718	927
	<u>6,397</u>	<u>927</u>

Birley Manufacturing Limited

Notes forming part of the financial statements
for the year ended 31 December 2010 (*continued*)

7 Taxation on profit on ordinary activities

	2010 £	2010 £	2009 £	2009 £
<i>UK Corporation tax</i>				
Adjustment in respect of previous periods		(1,123)		-
<i>Deferred tax</i>				
Origination and reversal of timing differences	(16,781)		(58,819)	
Effect of tax rate change on opening balance	7,143		-	
	<u> </u>		<u> </u>	
Movement in deferred tax provision		(9,638)		(58,819)
		<u> </u>		<u> </u>
Taxation on profit on ordinary activities		(10,761)		(58,819)
		<u> </u>		<u> </u>

The tax assessed for the year is lower than the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below:

	2010 £	2009 £
Profit on ordinary activities before tax	323,215	273,529
	<u> </u>	<u> </u>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 21.00% (2009 - 21.00%)	67,875	57,441
Effect of:		
Expenses not deductible for tax purposes	3,613	1,293
Capital allowances for period in (excess)/deficit of depreciation	(16,668)	270
Utilisation of tax losses	(52,135)	(50,677)
Adjustment to tax charge in respect of previous periods	(1,123)	-
Short term timing differences	(2,685)	(8,327)
	<u> </u>	<u> </u>
Current tax credit for the year	(1,123)	-
	<u> </u>	<u> </u>

Birley Manufacturing Limited

Notes forming part of the financial statements
for the year ended 31 December 2010 (*continued*)

7 Taxation (*continued*)

At 31 December 2010 the company had recognised and unrecognised amounts in respect of deferred tax assets as set out below

	Unrecognised 2010 £	Unrecognised 2009 £	Recognised 2010 £	Recognised 2009 £
Depreciation in advance of capital allowances	30,136	59,435	-	-
Short term timing differences	-	-	9,686	12,855
Taxable losses	-	56,257	149,952	137,145
	<u>30,136</u>	<u>115,692</u>	<u>159,638</u>	<u>150,000</u>

The company had unutilised tax losses available to carry forward of £709,648 (2009 £920,963) No deferred tax asset has been recognised on part of these losses, or in respect of the full extent of timing differences related to depreciation in advance of capital allowances, as their future recoverability is uncertain

8 Dividends

	2010 £	2009 £
Ordinary shares		
Interim dividend of £25,000 (2009 - £nil) per share	<u>50,000</u>	<u>-</u>

Birley Manufacturing Limited

Notes forming part of the financial statements
for the year ended 31 December 2010 (*continued*)

9 Tangible fixed assets

	Plant and machinery £	Motor vehicles £	Fixtures, fittings and office equipment £	Total £
<i>Cost</i>				
At 1 January 2010	1,250,124	20,500	672,684	1,943,308
Additions	52,508	-	8,208	60,716
Disposals	-	(20,500)	(14,641)	(35,141)
	<u>1,302,632</u>	<u>-</u>	<u>666,251</u>	<u>1,968,883</u>
<i>Depreciation</i>				
At 1 January 2010	1,175,744	20,500	614,719	1,810,963
Provided for the year	36,421	-	24,422	60,843
Disposals	-	(20,500)	(14,641)	(35,141)
	<u>1,212,165</u>	<u>-</u>	<u>624,500</u>	<u>1,836,665</u>
<i>Net book value</i>				
At 31 December 2010	<u>90,467</u>	<u>-</u>	<u>41,751</u>	<u>132,218</u>
At 31 December 2009	<u>74,380</u>	<u>-</u>	<u>57,965</u>	<u>132,345</u>

The net book value of, and depreciation charge for the year on, tangible fixed assets includes assets held under finance leases and hire purchase contracts as follows

	2010 £	2009 £
<i>Net book value</i>		
Fixtures, fittings and office equipment	<u>25,585</u>	<u>40,203</u>
<i>Depreciation charged</i>		
Fixtures, fittings and office equipment	<u>14,618</u>	<u>3,655</u>

Birley Manufacturing Limited

Notes forming part of the financial statements
for the year ended 31 December 2010 (*continued*)

10 Stocks

	2010 £	2009 £
Raw materials and consumables	366,071	101,672
Work in progress	264,866	197,922
Finished goods and goods for resale	691,442	316,661
	<u>1,322,379</u>	<u>616,255</u>

There is no material difference between the replacement cost of stocks and the amounts stated above

11 Debtors

	2010 £	2009 £
Amounts receivable within one year		
Trade debtors	1,044,313	1,433,970
Corporation tax recoverable	1,123	-
Other debtors	28,063	1,750
Prepayments and accrued income	100,857	138,399
	<u>1,174,356</u>	<u>1,574,119</u>
Amounts receivable after more than one year		
Deferred taxation (see note 7)	159,638	150,000
	<u>1,333,994</u>	<u>1,724,119</u>
Total debtors		
		Deferred taxation £
At 1 January 2010		150,000
Credited to profit and loss account		9,638
		<u>159,638</u>
At 31 December 2010		<u>159,638</u>

Birley Manufacturing Limited

Notes forming part of the financial statements
for the year ended 31 December 2010 *(continued)*

12 Creditors: amounts falling due within one year

	2010 £	2009 £
Trade creditors	1,345,372	1,081,068
Other taxation and social security	360,151	220,646
Obligations under finance lease and hire purchase contracts	14,619	14,619
Other creditors	91,604	57,585
Accruals and deferred income	83,345	46,121
	<u>1,895,091</u>	<u>1,420,039</u>

13 Creditors: amounts falling due after more than one year

	2010 £	2009 £
Obligations under finance lease and hire purchase contracts	<u>8,751</u>	<u>22,931</u>
 Maturity of debt		
	Finance leases 2010 £	Finance leases 2009 £
In one year or less, or on demand	<u>14,619</u>	<u>14,619</u>
In more than one year but not more than two years	8,751	14,619
In more than two years but not more than five years	-	8,312
	<u>8,751</u>	<u>22,931</u>

14 Provisions for liabilities

	Warranties £
At 1 January 2010	54,523
Charged to profit and loss account	12,878
Released unused	(25,663)
	<u>41,738</u>
At 31 December 2010	<u>41,738</u>

Birley Manufacturing Limited

Notes forming part of the financial statements for the year ended 31 December 2010 (*continued*)

15 Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge amounted to £57,906 (2009 - £54,073). Contributions amounting to £5,881 (2009 - £6,690) were payable to the fund at the year end and are included in creditors.

16 Share capital

	2010 £	2009 £
<i>Allotted, called up and fully paid</i>		
2 Ordinary shares of £1 each	2	2
	<u>2</u>	<u>2</u>

17 Reserves

	Profit and loss account £
At 1 January 2010	1,398,039
Profit for the year	333,976
Dividends	(50,000)
	<u>1,682,015</u>
At 31 December 2010	<u>1,682,015</u>

18 Reconciliation of movements in shareholder's funds

	2010 £	2009 £
Profit for the year	333,976	332,348
Dividends	(50,000)	-
	<u>283,976</u>	<u>332,348</u>
Net additions to shareholder's funds	283,976	332,348
Opening shareholder's funds	1,398,041	1,065,693
	<u>1,682,017</u>	<u>1,398,041</u>
Closing shareholder's funds	1,682,017	1,398,041

Birley Manufacturing Limited

Notes forming part of the financial statements
for the year ended 31 December 2010 (continued)

19 Commitments under operating leases

The company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings 2010 £	Other 2010 £	Land and buildings 2009 £	Other 2009 £
Operating leases which expire				
Within one year	-	16,805	-	-
In two to five years	-	27,071	134,500	32,310
After five years	134,500	-	-	-
	<u>134,500</u>	<u>43,876</u>	<u>134,500</u>	<u>32,310</u>

20 Related party disclosures

The company is a wholly owned subsidiary of Birley Manufacturing Holdings Limited and has taken advantage of the exemption conferred by Financial Reporting Standard 8 'Related party disclosures' not to disclose transactions with Birley Manufacturing Holdings Limited or other wholly owned subsidiaries within the group

Related party transactions and balances

	Sales to related party £	Purchases from related parties £	Amounts owed to related parties £
2010			
Barlow Group Limited	-	22,222	1,379
Keetons Management Services Limited	-	232,344	19,362
Campbell Consultancy Limited	-	26,691	1,880
2009			
Barlow Group Limited	5,174	75,612	10,993
Keetons Management Services Limited	-	232,545	24,094
Campbell Consultancy Limited	-	22,097	-

Barlow Group Limited and Keetons Management Services Limited are companies in which Michael Barlow is a director and controlling shareholder. Michael Barlow is also a director of the company and controlling shareholder of Birley Manufacturing Holdings Limited.

Campbell Consultancy Limited is a company in which Ian Campbell is a director. Ian Campbell is also a director of Birley Manufacturing Limited.

All transactions were at an arms length value.

Birley Manufacturing Limited

**Notes forming part of the financial statements
for the year ended 31 December 2010 (*continued*)**

21 Ultimate parent company

The ultimate parent undertaking of the company is Birley Manufacturing Holdings Limited, a company incorporated in England and Wales

The largest and smallest group in which the results of the company are consolidated is that headed by Birley Manufacturing Holdings Limited, incorporated in England and Wales. The consolidated accounts of this company are available to the public and may be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ. No other group accounts include the results of the company.