

ACCURACY INTERNATIONAL LIMITED

**Directors' report and consolidated financial statements
for the year ended**

31 DECEMBER 2010

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ACCURACY INTERNATIONAL LIMITED

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ACCURACY INTERNATIONAL LIMITED

DIRECTORS AND ADVISERS

Directors

Thomas Irwin
David Walls

Registered office

Belmont House
Station Way
Crawley
West Sussex
RH101JA

Bankers

Natwest Bank
Commercial Road
Portsmouth
Hampshire
PO1 1ES

Auditors

Nexia Smith & Williamson
Chartered Accountants and Statutory
Auditors
Imperial House
18-21 Kings Park Road
Southampton SO15 2AT

Solicitors

Thomas Eggar
The Corn Exchange
Baffins Lane
Chichester
West Sussex
PO19 1GE

Company's registered number

05375397

ACCURACY INTERNATIONAL LIMITED

DIRECTORS' REPORT

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

Company's registered number

The company's registered number is 05375397

Activities

The principal activity of the group continues to be the manufacture and sale of weapons and related products

Business review

The performance during 2010 was a milestone as we achieved our second highest revenue year with no major contracts of significant value. We transitioned from a "build to order" company to a mixture of "build to order" and "build to forecast". This allowed us to ship more products in less time and become more competitive with deliveries.

The new range of AX weapons and AICS kits have been introduced and well received by the market. Demand is high and we are ramping up production in anticipation of increasing demand for this new range, especially in light of a recent contract award from the US Navy for a 5 year contract worth \$5million. We have also been successful in winning a contract for AS50 rifles from Singapore, which is the first production order, after beating the competition, Barrett, in a trial. This sets the scene for increasing sales of .50 calibre rifles along with our new bolt action AX50.

Demand for our legacy product lines remains high but this is expected to drop during the coming years as it is replaced with the AX. There will however, still be a demand for the legacy products for the foreseeable future.

We progressed with a new building to give us additional manufacturing and assembly capacity for our Chassis Systems products and during 2011 we will add equipment and resources to bring us to full capacity by the end of the year. The new facility will also enable us to increase manufacturing capacity in our existing main headquarters. This is a fundamental part of our strategy and allows us to maximise the components manufactured in-house and minimise bought out parts. The net result is to reduce costs while improving delivery and quality, thus continuing to make us more competitive worldwide.

Our US subsidiary is now well established with importation and distribution, the demand for our products is growing and recognition of our brand is getting stronger.

KPI's

	2010	2009
Return on capital employed	27%	27%
Gross margin	49%	46%
Operating profit percentage	19%	18%
Long term debt Equity ratio	0.09	0.13
Collection days	54	56
Purchases as a percentage of sales	37%	41%

ACCURACY INTERNATIONAL LIMITED

DIRECTORS' REPORT (continued)

Financial risk management

The group's operations expose it to a variety of financial risks that include the effects of changes in credit risk, liquidity risk and interest rate risk. The group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the group by closely monitoring levels of debt whilst cash levels are reviewed on a weekly basis.

Price risk

The group is exposed to price risk due to normal inflationary increases in the purchase price of the goods and services it purchases. The group has no exposure to equity securities price risk as it holds no listed or other equity investments.

Credit risk

The group endeavours to limit its exposure to credit risk through the use of in-country agents and letters of credit where deemed appropriate. The amount of exposure to any individual counterparty is assessed on a case by case basis by the board.

Liquidity risk

The group actively maintains a mixture of long-term debt finance and cash funds that is designed to ensure the group has sufficient available funds for operations and planned expansions.

Post balance sheet events

On 17th February 2011 the company entered into a 10 year lease for an industrial unit based in Portsmouth. This will provide additional capacity for the manufacture and assembly of Chassis System products. On 4th April 2011 the company obtained a loan of £425,000 from Natwest Bank to be used primarily in the upgrade of the existing factory facilities.

Results for the year

The profit for the year after taxation was £1,127,886 (2009 profit £900,556)

ACCURACY INTERNATIONAL LIMITED

DIRECTORS' REPORT (continued)

Directors

The directors of the company who served throughout the year are

Thomas Irwin

David Walls

Disclosure of information to the auditors

In the case of each person who was a director at the time this report was approved

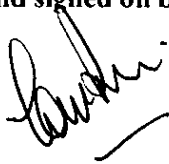
- so far as that director was aware there was no relevant available information of which the group's auditors were unaware, and
- that director had taken all steps that the director ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the group's auditors were aware of that information

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

Auditors

The current auditors, Nexia Smith & Williamson, are deemed to be reappointed as auditors

**Approved by the board of directors
and signed on behalf of the board**



Thomas Irwin

Director

20/9/11

ACCURACY INTERNATIONAL LIMITED

STATEMENT OF 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 parent company and of the group and of their profit or loss for that period. In preparing each of the group and parent company 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to resume that the group and the parent 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.

Nexia Smith & Williamson

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ACCURACY INTERNATIONAL LIMITED

We have audited the financial statements of Accuracy International Limited for the year ended 31 December 2010 which comprise the Group Profit and Loss Account, the Group and Parent Company Balance Sheets, the Group Cash Flow Statement, the Group Statement of Total Recognised Gains and Losses, and the related notes 1 to 27. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 6, 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

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 group's and 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.

Nexia Smith & Williamson

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 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

Nexia Smith & Williamson

21st September 2011

Andrew Edmonds
Senior Statutory Auditor, for and on behalf of
Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants

Imperial House
18-21 Kings Park Road
Southampton
SO15 2AT

ACCURACY INTERNATIONAL LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT for the year ended 31 DECEMBER 2010

	Notes	2010 £	2009 £
Turnover	2	7,950,391	7,441,270
Cost of sales		(4,054,134)	(4,052,399)
Gross profit		3,896,257	3,388,871
Administrative expenses		(2,371,638)	(2,070,573)
Operating profit		1,524,619	1,318,298
Loss on sale of fixed assets – continuing operations		-	(41,164)
Other interest receivable and similar income	6	73,200	3,146
Interest payable and similar charges	7	(18,995)	(51,874)
Profit on ordinary activities before taxation	3	1,578,824	1,228,406
Tax on profit on ordinary activities	8	(450,938)	(327,850)
Profit for financial year after taxation	20	1,127,886	900,556

The results in both the current and previous year relate to continuing operations

A statement of movement on reserves is given in note 20

ACCURACY INTERNATIONAL LIMITED

CONSOLIDATED BALANCE SHEET at 31 December 2010

	Note	2010 £	2010 £	2009 £	2009 £
Fixed assets					
Intangible assets	11		-		8,655
Tangible assets	12		1,642,432		1,461,402
			<hr/>		<hr/>
			1,642,432		1,470,057
Current assets					
Stocks	14	2,158,213		1,599,196	
Debtors	15	1,408,794		1,042,605	
Cash at bank and in hand		1,796,891		1,681,557	
		<hr/>		<hr/>	
		5,363,898		4,323,358	
Creditors: amounts falling due within one year	16	(1,327,122)		(1,020,190)	
		<hr/>		<hr/>	
Net current assets			4,036,776		3,303,168
			<hr/>		<hr/>
Total assets less current liabilities			5,679,208		4,773,225
			<hr/>		<hr/>
Creditors, amounts falling due after more than one year	17		(470,306)		(547,791)
Provisions for liabilities	18		(56,337)		(59,879)
			<hr/>		<hr/>
Net assets			5,152,565		4,165,555
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	19		60,000		60,000
Capital redemption reserve	20		530,001		530,001
Profit and loss account	20		4,562,564		3,575,554
			<hr/>		<hr/>
Shareholders' funds			5,152,565		4,165,555
			<hr/>		<hr/>

The financial statements were approved and authorised for issue by the Board of Directors on 26/9/2011 and were signed on its behalf by



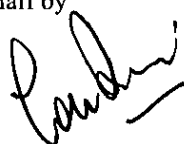
Thomas Irwin
Director

ACCURACY INTERNATIONAL LIMITED

COMPANY BALANCE SHEET at 31 December 2010

	Note	2010 £	2010 £	2009 £	2009 £
Fixed assets					
Intangible assets	11		-		8,655
Tangible assets	12		1,561,397		1,395,814
Investments	13		50,000		50,000
			<hr/> 1,611,397		<hr/> 1,454,469
Current assets					
Stocks	14	1,773,989		1,289,949	
Debtors	15	2,004,957		1,620,618	
Cash at bank and in hand		1,716,723		1,461,320	
			<hr/> 5,495,669		<hr/> 4,371,887
Creditors: amounts falling due within one year	16		<hr/> (1,239,611)		<hr/> (965,730)
Net current assets			<hr/> 4,256,058		<hr/> 3,406,157
Total assets less current liabilities			<hr/> 5,867,455		<hr/> 4,860,626
Creditors: amounts falling due after more than one year	17		(470,306)		(547,791)
Provisions for liabilities	18		(56,337)		(59,879)
Net assets			<hr/> 5,340,812		<hr/> 4,252,956
Capital and reserves					
Called up share capital	19		60,000		60,000
Capital redemption reserve	20		530,001		530,001
Profit and loss account	20		4,750,811		3,662,955
Shareholders' funds			<hr/> 5,340,812		<hr/> 4,252,956

These financial statements were approved by the Board of Directors on 20/9/2011 and were signed on its behalf by



Thomas Irwin
Director

ACCURACY INTERNATIONAL LIMITED

CONSOLIDATED CASH FLOW STATEMENT *for the year ended 31 December 2010*

	<i>Note</i>	2010 £	2009 £
Reconciliation of operating profit to net cash flow from operating activities			
Operating profit		1,524,619	1,318,298
Depreciation charges		223,696	207,681
(Increase)/Decrease in stocks		(559,017)	303,834
(Increase)/Decrease in debtors		(366,189)	1,426,326
Increase/(Decrease) in creditors		236,190	(372,951)
Net cash inflow from operating activities		1,059,299	2,883,188
Cash flow statement			
Cash flow from operating activities		1,059,299	2,883,188
Returns on investments and servicing of finance	23	54,205	(48,728)
Taxation		(357,874)	(949,705)
Capital expenditure and financial investment	23	(396,071)	(339,003)
Dividends paid on shares classified in shareholders' funds		(150,000)	(375,000)
Cash inflow before management of liquid resources and financing		209,559	1,170,752
Financing	23	(103,351)	(92,942)
Increase in cash in the period		106,208	1,077,810
Reconciliation of net cash flow to movement in net funds			
	25		
Increase in cash in the period		106,208	1,077,810
Cash to repay debt		103,351	92,942
Change in net funds resulting from cash flows		209,559	1,170,852
Effect of foreign exchange rate changes		9,126	(15,395)
Movement in net funds in the period		218,685	1,155,357
Net funds at the start of the period		1,043,275	(112,082)
Net funds at the end of the period		1,261,960	1,043,275

ACCURACY INTERNATIONAL LIMITED

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31st December 2010

	2010 £	2009 £
Profit for the financial year		
Group	1,127,886	900,556
Net exchange differences on the retranslation of net investments	9,124	(15,322)
Deferred tax arising on other gains/(losses) recognised in this statement	-	9,272
	<hr/>	<hr/>
Total recognised gains and losses relating to the financial year	1,137,010	894,506
	<hr/>	<hr/>

ACCURACY INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER 2010

1 Accounting policies

The financial statements have been prepared in accordance with United Kingdom Generally Accepted Accounting Practices. A summary of the more important accounting policies adopted are described below.

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Basis of consolidation

The group financial statements consolidate the financial statements of Accuracy International Limited and its subsidiary undertaking drawn up to 31 December each year. The acquisition method of accounting has been adopted. Under this method, the results of the subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

As permitted by section 408(3) of the Companies Act 2006, the parent company's profit and loss account has not been included in these financial statements. The parent company's profit for the financial year was £1,237,856 (2009: £1,126,853).

Going concern

Based on group profit for the year of £1,127,886 and group net assets of £5,152,565 (company net assets: £5,340,812), the directors have a reasonable expectation that the company and the group have 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 financial statements.

Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on business combinations in respect of acquisitions since 1 January 1998 is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life. The useful life is estimated at 5 years.

Fixed assets

Depreciation is provided on cost or revalued amounts in equal annual instalments over the estimated useful lives of the assets concerned. The following annual rates are used on a straight line basis:

Freehold buildings	-	50 years	(2% per annum)
Leasehold buildings	-	10 years	(10% per annum)
Fixtures, fittings, tools and equipment	-	5 years	(20% per annum)
Plant & machinery	-	5 years	(20% per annum)

ACCURACY INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER 2010 (continued)

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date

Any assets and liabilities recognised have not been discounted

Pension costs

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 amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period. Any outstanding amounts at the period end are presented within creditors.

Leases

Assets held under finance leases are included in fixed assets and the capital element of the related lease commitment is shown as obligations under finance leases within creditors. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit over the period of the lease.

Rental costs under operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

Foreign currencies

Transactions denominated in a foreign currency are translated into sterling at the rate of exchange ruling at the date of the transaction. At the balance sheet date, monetary assets and liabilities denominated in foreign currency are translated at the rate ruling at that date. All exchange differences are dealt with in the profit and loss account.

The assets and liabilities of overseas subsidiary undertakings are translated at the closing exchange rates. Profit and loss accounts of such undertakings are consolidated at the average rates of exchange during the year. Gains and losses arising on these transactions are taken to reserves, net of exchange differences arising on related foreign currency borrowings.

ACCURACY INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER 2010 (continued)

1 Accounting policies (continued)

Stocks

Stocks are stated at the lower of cost and net realisable value after making due allowance for obsolete and slow moving items. In determining the cost of raw materials, consumables and goods purchased for resale, the standard cost is used, being, the purchase price and an appropriate proportion of attributable overhead. Net realisable value represents the estimated selling price less the estimated costs of disposal.

Revenue

Revenue is measured at the fair value of the right to consideration and represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, FET and VAT.

Sales of goods are recognised on despatch of goods.

Revenue arising from the provision of services is recognised when and to the extent that the Group obtains the right to consideration in exchange for the performance of its contractual obligations.

ACCURACY INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER 2010 (continued)

2	Turnover	2010	2009
		£	£
	United Kingdom	1,679,973	1,778,722
	USA	2,458,017	2,723,966
	Rest of the World	3,812,401	2,938,582
		<hr/>	<hr/>
		7,950,391	7,441,270
		<hr/>	<hr/>
	Company	2010	2009
		£	£
	United Kingdom	1,679,973	1,778,722
	USA	1,425,041	2,094,525
	Rest of the World	3,812,401	2,938,582
		<hr/>	<hr/>
		6,917,415	6,811,829
		<hr/>	<hr/>

3 Notes to the profit and loss account

	2010	2009
	£	£
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Depreciation and other amounts written off tangible and fixed assets		
Owned	190,176	152,293
Leased	24,865	29,420
Amortisation of goodwill	8,655	25,968
Research and development expenditure	55,191	83,805
Loss on sale of fixed assets	-	41,164
<i>Auditors' remuneration</i>		
Audit of these financial statements	16,450	23,750
Other Services relating to taxation	4,547	5,110

Amounts paid to the Accuracy International Ltd's auditor and their associates in respect of services to the company, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis

ACCURACY INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER 2010 (continued)

4	Remuneration of directors	2010	2009
		£	£
	Directors' emoluments	479,214	419,368
	Company pension contributions to defined contribution schemes	7,651	4,911

The aggregate of emoluments of the highest paid director was £258,094 (2009 £180,000) including pension contributions of £7,651 (2009 nil)

During the year, retirement benefits were accruing to 1 Director (2009 1) in respect of defined contribution pension schemes

5	Employee information	2010	2009
	The average number of persons, including directors, employed by the group during the year was		
		Number	Number
	Overhead	16	11
	Direct	29	31
		45	42
		£	£
	Staff costs for the above persons were		
	Wages and salaries	1,758,718	1,474,345
	Social security costs	164,161	142,325
	Other pension costs	28,364	19,915
		1,951,243	1,636,585

ACCURACY INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER 2010 (continued)

6 Other interest receivable and similar income

	2010	2009
	£	£
Net exchange gains	71,538	-
Interest receivable	1,662	3,146
	73,200	3,146

7 Interest payable and similar charges

	2010	2009
	£	£
On bank loans and overdrafts	17,071	23,910
Finance charges payable in respect of finance leases and hire purchase contracts	1,783	4,970
Other	141	22,994
	18,995	51,874

ACCURACY INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER 2010 (continued)

8 Taxation

Analysis of charge in period

	2010		2009	
	£	£	£	£
<i>UK corporation tax</i>				
Current tax on income for the period	456,824		390,099	
Adjustments in respect of prior years	(2,344)		(52,977)	
Total current tax		454,480		337,122
<i>Deferred tax (see note 18)</i>				
Origination/reversal of timing differences	(19,138)		(13,214)	
Adjustment in respect of previous years	18,392		3,942	
Effect of tax rate change on opening balance	(2,796)			
Total deferred tax		(3,542)		(9,272)
Tax on profit on ordinary activities		450,938		327,850

9 Taxation (continued)

Factors affecting the tax charge for the current period

The current tax charge for the period is higher (2009 lower) than the standard rate of corporation tax in the UK (28 %). The differences are explained below

	2010	2009
	£	£
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	1,578,824	1,228,406
Current tax at 28% (2009 28%)	442,070	343,953
<i>Effects of</i>		
Expenses not deductible for tax purposes	11,147	13,206
Other timing differences	(87,044)	66,651
Net difference between capital allowances and depreciation	19,615	(36,001)
Adjustments to tax charge in respect of prior years	(2,344)	(52,977)
Unrecognised losses relating to Accuracy International of North America	71,036	2,290
Total current tax charge (see above)	454,480	337,122

ACCURACY INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER 2010 (continued)

10 Dividends

The aggregate amount of dividends comprises

	2010 £	2009 £
Final dividends paid in respect of prior year but not recognised as liabilities in that year	-	75,000
Interim dividends paid in respect of the current year	150,000	300,000
Aggregate amount of dividends paid in the financial year	<u>150,000</u>	<u>375,000</u>

11 Intangible fixed assets

	Goodwill £
At beginning of year	129,839
At end of year	<u>129,839</u>
<i>Amortisation</i>	
At beginning of year	(121,184)
Charged in year	(8,655)
At end of year	<u>(129,839)</u>
<i>Net book value</i>	
At 31 December 2010	<u>-</u>
At 31 December 2009	<u>8,655</u>

ACCURACY INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER 2010 (continued)

12 Tangible fixed assets

Group	Land and buildings £	Plant and machinery £	Fixtures, fittings, tools and equipment £	Total £
<i>Cost</i>				
At beginning of year	1,003,228	734,079	142,203	1,879,510
Additions	218,627	6,780	170,664	396,071
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	1,221,855	740,859	312,867	2,275,581
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At beginning of year	88,116	294,897	35,095	418,108
Charge for year	32,376	142,710	39,955	215,041
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	120,492	437,607	75,050	633,149
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 31 December 2010	1,101,363	303,252	237,817	1,642,432
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2009	915,112	439,182	107,108	1,461,402
	<hr/>	<hr/>	<hr/>	<hr/>

Included in the total net book value of plant and machinery is £6,533 (2009 £31,398) in respect of assets held under finance leases or hire purchase contracts. Depreciation for the year on these assets was £24,865 (2009 £29,420). The finance leases all relate to the company.

ACCURACY INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER 2010 (continued)

12 Tangible fixed assets (*continued*)

Company	Land and buildings £	Plant and machinery £	Fixtures, fittings, tools and equipment £	Total £
Cost				
At beginning of year	940,893	734,079	134,254	1,809,226
Additions	213,153	3 250	147,420	363,823
At end of year	1,154,046	737,329	281,674	2,173,049
Depreciation				
At beginning of year	84,031	294,897	34,483	413,411
Charge for year	18,998	142,378	36,865	198,241
At end of year	103,029	437,275	71,348	611,652
Net book value				
At 31 December 2010	1,051,017	300,054	210,326	1,561,397
At 31 December 2009	856,862	439,182	99,771	1,395,815

ACCURACY INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER 2010 (continued)

13 Fixed asset investments

The undertakings in which the Company's interest at the year end is more than 20% are as follows

	Country of incorporation	Principal activity	Class and percentage of shares held
<i>Subsidiary undertaking</i>			
Accuracy International North America	USA	Sale of weapons and related products	100% Ordinary

The carrying cost of this investment was £50,000 (2009 £50,000)

14 Stocks

	Group 2010	2009	Company 2010	2009
	£	£	£	£
Work in progress	62,144	52,668	62,144	52,668
Finished goods and raw materials	2,096,069	1,546,528	1,711,845	1,237,281
	<u>2,158,213</u>	<u>1,599,196</u>	<u>1,773,989</u>	<u>1,289,949</u>

15 Debtors

	Group 2010	2009	Company 2010	2009
	£	£	£	£
Trade debtors	1,271,328	923,096	902,463	765,959
Amounts owed by group undertakings	-	-	1,010,666	765,839
Other debtors	76,167	57,792	56,467	56,934
Prepayments and accrued income	61,299	61,717	35,361	31,886
	<u>1,408,794</u>	<u>1,042,605</u>	<u>2,004,957</u>	<u>1,620,618</u>

ACCURACY INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER 2010 (continued)

16 Creditors: amounts falling due within one year

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Bank loans and overdrafts	56,662	63,270	56,662	63,270
Obligations under finance leases and hire purchase contracts	7,963	27,220	7,963	27,220
Payments received on account	50,297	82,346	49,716	82,346
Trade creditors	533,521	436,195	471,796	387,947
Taxation and social security	316,528	194,436	302,245	194,436
Other creditors	-	37,649	-	37,649
Accruals and deferred income	362,151	179,074	351,229	172,862
	<u>1,327,122</u>	<u>1,020,190</u>	<u>1,239,611</u>	<u>965,730</u>

17 Creditors: amounts falling due after more than one year

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Bank loans and overdrafts	470,306	539,829	470,306	539,829
Obligations under finance leases and hire purchase contracts	-	7,962	-	7,962
	<u>470,306</u>	<u>547,791</u>	<u>470,306</u>	<u>547,791</u>

The maturity of obligations under finance leases contracts is as follows

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Within one year	7,963	15,995	7,963	15,995
In the second to fifth years	-	19,188	-	19,188
	<u>7,963</u>	<u>35,183</u>	<u>7,963</u>	<u>35,183</u>

The maturity of obligations under the bank loan is as follows

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Repayable by instalments				
Within one year	56,662	63,270	56,662	63,270
In the second to fifth years	247,709	224,280	247,709	224,280
Over five years	222,597	315,549	222,597	315,549
	<u>526,968</u>	<u>603,099</u>	<u>526,968</u>	<u>603,099</u>

ACCURACY INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER 2010 (continued)

18 Provisions for liabilities

	Deferred taxation £
Group	
At beginning of year	59,879
Adjustment in respect of prior periods	18,392
Credit to the profit and loss for the year	(21,934)
	<hr/>
At end of year	56,337
	<hr/>

All the deferred tax relates to the difference between accumulated depreciation and amortisation and capital allowances. All deferred tax is held within Accuracy International Ltd.

19 Called up share capital

Group and Company	2010 £	2009 £
<i>Authorised</i>		
Ordinary shares of £1 each	100,000	100,000
10 % cumulative redeemable preference shares of £1 each	750,000	750,000
	<hr/>	<hr/>
	850,000	850,000
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	60,000	60,000
	<hr/>	<hr/>

20 Reserves and movement in shareholder funds

Group	Share Capital £	Capital Redemption Reserve £	Profit & loss account £	Total £
At beginning of year	60,000	530,001	3,575,554	4,165,555
Profit for the year	-	-	1,127,886	1,127,886
Dividends on shares classified in shareholders' funds	-	-	(150,000)	(150,000)
Exchange adjustments	-	-	9,124	9,124
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	60,000	530,001	4,562,564	5,152,565
	<hr/>	<hr/>	<hr/>	<hr/>

ACCURACY INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER 2010 (continued)

20 Reserves and movement in shareholder funds

Company	Share Capital	Capital Redemption Reserve	Profit & loss account	Total
	£	£	£	£
At beginning of year	60,000	530,001	3,662,955	4,252,956
Profit for the year	-	-	1,237,856	1,237,856
Dividends on shares classified in shareholders' funds	-	-	(150,000)	(150,000)
At end of year	<u>60,000</u>	<u>530,001</u>	<u>4,750,811</u>	<u>5,340,812</u>

21 Commitments

Capital commitments at the end of the financial year, for which no provision has been made, are as follows

	Group 2010 £	2009 £	Company 2010 £	2009 £
Contracted	<u>166,098</u>	<u>91,000</u>	<u>106,175</u>	<u>91,000</u>

22 Reconciliation of operating profit to operating cash flows

	2010 Total £	2009 Total £
Operating profit	1,524,619	1,318,298
Depreciation, amortisation and impairment charges	223,696	207,681
(Increase)/Decrease in stocks	(559,017)	303,834
(Increase)/Decrease in debtors	(366,189)	1426,326
Increase/(Decrease) in creditors	236,190	(372,951)
Net cash inflow/outflow from operating activities	<u>1,059,299</u>	<u>2,883,188</u>

ACCURACY INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER 2010 (continued)

23 Analysis of cash flows

	<i>Notes</i>	2010	2010	2009	2009
		£	£	£	£
Returns on investment and servicing of finance					
Interest received		73,200		3,146	
Interest paid		(17,212)		(46,904)	
Dividends paid on shares classified as liabilities		-		-	
Interest element of finance lease rental payments		(1,783)		(4,970)	
			54,205		(48,728)
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(396,071)		(364,003)	
Sale of tangible fixed assets		-		66,164	
			(396,071)		(297,839)
Financing					
Decrease in debt due within one year		330		25,200	
Decrease in debt due after more than one year		(76,461)		(88,579)	
Capital element of finance lease rental payments		(27,220)		(29,563)	
			(103,351)		(92,942)

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER 2010
(continued)

24 Pension scheme

Defined contribution pension scheme

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge for the period represents contributions payable by the Group to the scheme and amounted to £28,364 (2009 £19,915).

Contributions amounting to £nil (2009 £2,046) were outstanding at the year end.

25 Analysis of net funds

	At beginning of year £	Cash flow £	Other non cash changes £	Translation differences £	At end of year £
Cash in hand, at bank	1,681,557	106,208	-	9,126	1,796,891
Debt due after one year	(539,829)	(330)	69,853	-	(470,306)
Debt due within one year	(63,270)	76,461	(69,853)	-	(56,662)
Finance leases	(35,183)	27,220	-	-	(7,963)
Total	1,043,275	209,559	-	9,126	1,261,960

26 Controlling party

The Company is privately owned and has no overall controlling shareholder.

27 Post balance sheet events

On 17th February 2011 the company entered into a 10 year lease for an industrial unit based in Portsmouth. It is intended that this second factory unit will allow the company to expand its manufacturing capabilities. On 4th April 2011 the company obtained a loan of £425,000 from Natwest Bank.