

**ACCURACY INTERNATIONAL LIMITED**

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

**31 DECEMBER 2011**

FRIDAY



\*A1DKV4A1\*

A41

20/07/2012

#286

COMPANIES HOUSE

## **ACCURACY INTERNATIONAL LIMITED**

<b>CONTENTS</b>	<b>PAGE</b>
Directors and advisers	2
Directors' report	3 – 5
Statement of directors' responsibilities in respect of the financial statements	6
Auditors' report	7 – 8
Consolidated profit and loss account	9
Consolidated balance sheet	10
Company balance sheet	11
Consolidated cash flow statement	12
Consolidated Statement of Total Recognised gains and losses	13
Notes to the financial statements	14 - 29

## **ACCURACY INTERNATIONAL LIMITED**

### **DIRECTORS AND ADVISERS**

<b>Directors</b>	Thomas Irwin David Walls
<b>Registered office</b>	Belmont House Station Way Crawley West Sussex RH10 1JA
<b>Bankers</b>	Natwest Bank Commercial Road Portsmouth Hampshire PO1 1ES
<b>Auditors</b>	Nexia Smith & Williamson Chartered Accountants and Statutory Auditor Imperial House 18-21 Kings Park Road Southampton SO15 2AT
<b>Solicitors</b>	Thomas Eggar The Corn Exchange Baffins Lane Chichester West Sussex PO19 1GE
<b>Company's registered number</b>	05375397

## **ACCURACY INTERNATIONAL LIMITED**

### **DIRECTORS' REPORT**

The directors present their report and the financial statements for the year ended 31 December 2011

#### **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**

This was very much a foundation building year during which, we established facilities, which will enable us to have future growth

We now have a manufacturing unit 0.5 miles from the main factory with 8,500 sq ft of space dedicated to Chassis Systems. This is the non-firing part of the weapon and we will produce AICS kits, rifle frames, magazines and any other machined part of the chassis. The machines are intended for aluminium and these items are not only for AI products but are sold for use on other rifle manufacturers products as well. One significant benefit of Chassis Systems is the ability to add a second shift and significantly increase capacity with a minimum of 3 employees. The security issues are not the same as in our main building where we house all of our firing train parts along with complete rifles.

We also refurbished our main machine shop and now have an area for future growth in terms of CNC mills, turning centres and an EDM machine. One of our primary strategy areas is to bring parts in house and as a result we have reduced costs and lead time as well as improving quality of our products. By increasing space it allows us to further reduce the percentage of purchased parts versus revenues. We added a rapid prototype machine which will allow us to reduce the cost and time to obtain prototype models and improve our process for new product development.

We also invested in Fourth Shift software for our US subsidiary, AINA which enables the two parts of our operation to "talk" together.

All of this has come at a cost. The relocation of chassis and magazine manufacture caused delays in production and the refurbishment of our machine shop also caused delays. We had to subcontract parts, which added to our costs. One of our most significant suppliers also moved his factory and this delayed parts flow and production.

The net result was lower sales and higher costs, which eliminated our profit.

As I mentioned at the beginning, 2011 was a foundation building year and the anticipated future demand, we believe will justify the investment.

## ACCURACY INTERNATIONAL LIMITED

### DIRECTORS' REPORT (continued)

#### KPI's

	2011	2010
Return on capital employed	1%	27%
Gross margin	41%	49%
Operating profit percentage	1%	19%
Long term debt:equity ratio	0.14	0.09
Collection days	60	54
Purchases as a percentage of sales	41%	37%

#### 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.

#### Results for the year

The loss for the year after taxation was £58,746 (2010 profit £1,127,886).

## **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

17 July 2012

## **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 presume 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 2011 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 26. 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 Statement of Directors' Responsibilities 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](http://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 2011 and of the group's loss 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

17<sup>th</sup> July 2012

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 2011**

	Notes	2011 £	2010 £
<b>Turnover</b>	2	<b>7,028,143</b>	7,950,391
Cost of sales		<u>(4,117,232)</u>	<u>(4,054,134)</u>
<b>Gross profit</b>		<b>2,910,911</b>	3,896,257
Administrative expenses		<u>(2,827,125)</u>	<u>(2,371,638)</u>
<b>Operating profit</b>		<b>83,786</b>	1,524,619
Other interest receivable and similar income	6	<b>999</b>	73,200
Interest payable and similar charges	7	<u>(29,473)</u>	<u>(18,995)</u>
<b>Profit on ordinary activities before taxation</b>	3	<b>55,312</b>	1,578,824
Tax on profit on ordinary activities	8	<u>(114,058)</u>	<u>(450,938)</u>
<b>(Loss)/Profit for financial year after taxation</b>	20	<u><b>(58,746)</b></u>	<u>1,127,886</u>

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 2011

	<i>Note</i>	<b>2011</b> £	<b>2011</b> £	2010 £	2010 £
<b>Fixed assets</b>					
Tangible assets	12		2,402,367		1,642,432
			<u>2,402,367</u>		<u>1,642,432</u>
<b>Current assets</b>					
Stocks	14	2,246,504		2,158,213	
Debtors	15	1,720,896		1,408,794	
Cash at bank and in hand		946,417		1,796,891	
		<u>4,913,817</u>		<u>5,363,898</u>	
<b>Creditors: amounts falling due within one year</b>	16	<u>(1,447,079)</u>		<u>(1,327,122)</u>	
<b>Net current assets</b>			3,466,738		4,036,776
<b>Total assets less current liabilities</b>			<u>5,869,105</u>		<u>5,679,208</u>
<b>Creditors: amounts falling due after more than one year</b>	17		(711,787)		(470,306)
<b>Provisions for liabilities</b>	18		(77,640)		(56,337)
<b>Net assets</b>			<u>5,079,678</u>		<u>5,152,565</u>
<b>Capital and reserves</b>					
Called up share capital	19		60,000		60,000
Capital redemption reserve	20		530,001		530,001
Profit and loss account	20		4,489,677		4,562,564
<b>Shareholders' funds</b>			<u>5,079,678</u>		<u>5,152,565</u>

The financial statements were approved and authorised for issue by the Board of Directors on  
 ... and were signed on its behalf by

  
 Thomas Irwin  
 Director

17 July 2012

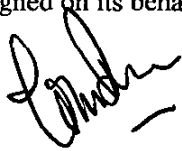
# **ACCURACY INTERNATIONAL LIMITED**

## **COMPANY BALANCE SHEET at 31 December 2011**

	<i>Note</i>	<b>2011</b> £	<b>2011</b> £	<b>2010</b> £	<b>2010</b> £
<b>Fixed assets</b>					
Tangible assets	12		<b>2,292,041</b>		1,561,397
Investments	13		<b>50,000</b>		50,000
			<hr/>		<hr/>
			<b>2,342,041</b>		<b>1,611,397</b>
<b>Current assets</b>					
Stocks	14	<b>1,673,645</b>		1,773,989	
Debtors amounts falling due within one year	15	<b>1,233,696</b>		994,291	
Debtors amounts falling due after more than one year	15	<b>1,668,047</b>		1,010,666	
Cash at bank and in hand		<b>858,642</b>		1,716,723	
		<hr/>		<hr/>	
		<b>5,434,030</b>		<b>5,495,669</b>	
<b>Creditors: amounts falling due within one year</b>	16	<b>(1,308,361)</b>		<b>(1,239,611)</b>	
		<hr/>		<hr/>	
<b>Net current assets</b>			<b>4,125,669</b>		<b>4,256,058</b>
			<hr/>		<hr/>
<b>Total assets less current liabilities</b>			<b>6,467,710</b>		<b>5,867,455</b>
			<hr/>		<hr/>
<b>Creditors: amounts falling due after more than one year</b>	17		<b>(711,787)</b>		<b>(470,306)</b>
<b>Provisions for liabilities</b>	18		<b>(77,640)</b>		<b>(56,337)</b>
			<hr/>		<hr/>
<b>Net assets</b>			<b>5,678,283</b>		<b>5,340,812</b>
			<hr/>		<hr/>
<b>Capital and reserves</b>					
Called up share capital	19		<b>60,000</b>		60,000
Capital redemption reserve	20		<b>530,001</b>		530,001
Profit and loss account	20		<b>5,088,282</b>		4,750,811
			<hr/>		<hr/>
<b>Shareholders' funds</b>			<b>5,678,283</b>		<b>5,340,812</b>
			<hr/>		<hr/>

These financial statements were approved by the Board of Directors on  
signed on its behalf by

and were

  
**Thomas Irwin**  
Director

17 Aug 2012

# **ACCURACY INTERNATIONAL LIMITED**

## **CONSOLIDATED CASH FLOW STATEMENT *for the year ended 31 December 2011***

	<i>Note</i>	<b>2011</b> £	<b>2010</b> £
<b>Reconciliation of operating profit to net cash flow from operating activities</b>			
Operating profit		83,786	1,524,619
Depreciation charges		285,917	223,696
Increase in stocks		(88,291)	(559,017)
Increase in debtors		(312,102)	(366,189)
Increase in creditors		210,739	236,190
		<hr/>	<hr/>
<b>Net cash inflow from operating activities</b>		<b>180,049</b>	<b>1,059,299</b>
		<hr/>	<hr/>
<b>Cash flow statement</b>			
Cash flow from operating activities		180,049	1,059,299
Returns on investments and servicing of finance	23	(28,474)	54,205
Taxation		(258,736)	(357,874)
Capital expenditure and financial investment	23	(1,045,852)	(396,071)
Dividends paid on shares classified in shareholders' funds		-	(150,000)
		<hr/>	<hr/>
<b>Cash inflow before management of liquid resources and financing</b>		<b>(1,153,013)</b>	<b>209,559</b>
Financing	23	316,680	(103,351)
		<hr/>	<hr/>
<b>(Decrease)/Increase in cash in the period</b>		<b>(836,333)</b>	<b>106,208</b>
		<hr/>	<hr/>
<b>Reconciliation of net cash flow to movement in net funds</b>			
	25		
<b>(Decrease)/Increase in cash in the period</b>		<b>(836,333)</b>	<b>106,208</b>
Cash to repay debt		(316,680)	103,351
		<hr/>	<hr/>
Change in net funds resulting from cash flows		(1,153,013)	209,559
Effect of foreign exchange rate changes		(14,141)	9,126
		<hr/>	<hr/>
<b>Movement in net funds in the period</b>		<b>(1,167,154)</b>	<b>218,685</b>
<b>Net funds at the start of the period</b>		<b>1,261,960</b>	<b>1,043,275</b>
		<hr/>	<hr/>
<b>Net funds at the end of the period</b>		<b>94,806</b>	<b>1,261,960</b>
		<hr/>	<hr/>

## **ACCURACY INTERNATIONAL LIMITED**

### **CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31<sup>st</sup> December 2011**

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
<b>Loss for the financial year</b>		
Group	<b>(58,746)</b>	1,127,886
Net exchange differences on the retranslation of net investments	<b>(14,141)</b>	9,124
	<hr/>	<hr/>
<b>Total recognised gains and losses relating to the financial year</b>	<b>(72,887)</b>	1,137,010
	<hr/>	<hr/>

# ACCURACY INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER 2011

### 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 £349,537 (2010: £1,237,856).

#### Going concern

Based on group loss for the year of £58,746 and group net assets of £5,079,678 (company net assets: £5,678,283), 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 & fixtures	- 10 years (10% per annum) or life of lease
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 2011 (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 2011 (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 2011 (continued)**

<b>2</b>	<b>Turnover</b>	<b>2011</b>	<b>2010</b>
		<b>£</b>	<b>£</b>
	United Kingdom	<b>1,924,799</b>	<b>1,679,973</b>
	USA	<b>2,273,856</b>	<b>2,458,017</b>
	Rest of the World	<b>2,829,488</b>	<b>3,812,401</b>
		<hr/>	<hr/>
		<b>7,028,143</b>	<b>7,950,391</b>
		<hr/>	<hr/>
	<b>Company</b>	<b>2011</b>	<b>2010</b>
		<b>£</b>	<b>£</b>
	United Kingdom	<b>1,923,838</b>	<b>1,679,973</b>
	USA	<b>1,611,408</b>	<b>1,425,041</b>
	Rest of the World	<b>2,829,488</b>	<b>3,812,401</b>
		<hr/>	<hr/>
		<b>6,364,734</b>	<b>6,917,415</b>
		<hr/>	<hr/>

### **3 Notes to the profit and loss account**

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
<i><b>Profit on ordinary activities before taxation is stated after charging</b></i>		
Depreciation and other amounts written off tangible and fixed assets		
Owned	<b>279,384</b>	<b>190,176</b>
Leased	<b>6,533</b>	<b>24,865</b>
Amortisation of goodwill	<b>-</b>	<b>8,655</b>
Research and development expenditure	<b>34,081</b>	<b>55,191</b>
<i><b>Auditors' remuneration</b></i>		
Audit of these financial statements	<b>16,900</b>	<b>16,450</b>
Other Services relating to taxation	<b>3,870</b>	<b>4,547</b>

# **ACCURACY INTERNATIONAL LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER 2011** (continued)

<b>4</b>	<b>Remuneration of directors</b>	<b>2011</b> <b>£</b>	<b>2010</b> <b>£</b>
	Directors' emoluments	<b>589,508</b>	<b>479,214</b>
	Company pension contributions to defined contribution schemes	<b>10,275</b>	<b>7,651</b>

The aggregate of emoluments of the highest paid director was £308,799 (2010 £258,094) including pension contributions of £10,275 (2010 £7,651)

During the year, retirement benefits were accruing to 1 Director (2010 1) in respect of defined contribution pension schemes.

<b>5</b>	<b>Employee information</b>	<b>2011</b>	<b>2010</b>
	The average number of persons, including directors, employed by the group during the year was		
		<b>Number</b>	<b>Number</b>
	Overhead	<b>20</b>	<b>16</b>
	Direct	<b>30</b>	<b>29</b>
		<b>50</b>	<b>45</b>
		<b>£</b>	<b>£</b>
	Staff costs for the above persons were		
	Wages and salaries	<b>2,015,632</b>	<b>1,758,718</b>
	Social security costs	<b>193,651</b>	<b>164,161</b>
	Other pension costs	<b>34,401</b>	<b>28,364</b>
		<b>2,243,684</b>	<b>1,951,243</b>

# **ACCURACY INTERNATIONAL LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER 2011** **(continued)**

### **6 Other interest receivable and similar income**

	<b>2011</b>	2010
	<b>£</b>	<b>£</b>
Net exchange gains	-	71,538
Interest receivable	<b>999</b>	1,662
	<hr/> <b>999</b> <hr/>	<hr/> 73,200 <hr/>

### **7 Interest payable and similar charges**

	<b>2011</b>	2010
	<b>£</b>	<b>£</b>
On bank loans and overdrafts	<b>22,884</b>	17,071
Finance charges payable in respect of finance leases and hire purchase contracts	<b>204</b>	1,783
Net exchange losses	<b>5,973</b>	-
Other	<b>412</b>	141
	<hr/> <b>29,473</b> <hr/>	<hr/> 18,995 <hr/>

# **ACCURACY INTERNATIONAL LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER 2011 (continued)**

### **8 Taxation**

#### *Analysis of charge in period*

	2011		2010
	£	£	£
<i>UK corporation tax</i>			
Current tax on income for the period	92,899		456,824
Adjustments in respect of prior years	(144)		(2,344)
Total current tax		92,755	454,480
<i>Deferred tax (see note 18)</i>			
Origination/reversal of timing differences	25,476		(19,138)
Adjustment in respect of previous years	-		18,392
Effect of tax rate change on opening balance	(4,173)		(2,796)
Total deferred tax		21,303	(3,542)
Tax on profit on ordinary activities		114,058	450,938

### **9 Taxation (continued)**

#### *Factors affecting the tax charge for the current period*

The current tax charge for the period is higher (2010 higher) than the standard rate of corporation tax in the UK 26% (2010 28%) The differences are explained below

	2011	2010
	£	£
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	55,312	1,578,824
Current tax at 26% (2010 28%)	14,654	442,070
<i>Effects of</i>		
Expenses not deductible for tax purposes	565	11,147
Other timing differences	18,106	(87,044)
Net difference between capital allowances and depreciation	(18,912)	19,615
Adjustments to tax charge in respect of prior years	(144)	(2,344)
Marginal relief	(5,889)	-
Unrecognised losses relating to Accuracy International of North America	84,375	71,036
Total current tax charge (see above)	92,755	454,480

# **ACCURACY INTERNATIONAL LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER 2011** (continued)

### **10 Dividends**

The aggregate amount of dividends comprises

	2011 £	2010 £
Interim dividends paid in respect of the current year	-	150,000
Aggregate amount of dividends paid in the financial year	-	150,000
	<u>          </u>	<u>          </u>

### **11 Intangible fixed assets**

	<b>Goodwill</b> £
At beginning of year	129,839
At end of year	129,839
<i>Amortisation</i>	
At beginning of year	(129,839)
Charged in year	-
At end of year	(129,839)
<i>Net book value</i>	
At 31 December 2011	-
At 31 December 2010	-

## ACCURACY INTERNATIONAL LIMITED

### 12 Tangible fixed assets

Group	Land and buildings £	Plant and machinery £	Fixtures, fittings, tools and equipment £	Total £
<b>Cost</b>				
At beginning of year	1,221,855	740,859	312,867	2,275,581
Additions	605,236	339,971	100,645	1,045,852
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	1,827,091	1,080,830	413,512	3,321,433
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>				
At beginning of year	120,492	437,607	75,050	633,149
Charge for year	62,695	149,058	74,164	285,917
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	183,187	586,665	149,214	919,066
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>				
At 31 December 2011	1,643,904	494,165	264,298	2,402,367
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2010	1,101,363	303,252	237,817	1,642,432
	<hr/>	<hr/>	<hr/>	<hr/>

Included in the total net book value of plant and machinery is £nil (2010 £6,533) in respect of assets held under finance leases or hire purchase contracts. Depreciation for the year on these assets was £6,533 (2010 £24,865). The finance leases all relate to the company.

# **ACCURACY INTERNATIONAL LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER 2011 (continued)**

### **12 Tangible fixed assets (*continued*)**

<b>Company</b>	<b>Land and buildings £</b>	<b>Plant and machinery £</b>	<b>Fixtures, fittings, tools and equipment £</b>	<b>Total £</b>
<b>Cost</b>				
At beginning of year	1,154,046	737,329	281,674	2,173,049
Additions	605,424	339,981	41,977	987,382
At end of year	1,759,470	1,077,310	323,651	3,160,431
<b>Depreciation</b>				
At beginning of year	103,029	437,275	71,348	611,652
Charge for year	49,219	148,356	59,163	256,738
At end of year	152,248	585,631	130,511	868,390
<b>Net book value</b>				
At 31 December 2011	1,607,222	491,679	193,140	2,292,041
At 31 December 2010	1,051,017	300,054	210,326	1,561,397

### **13 Fixed asset investments**

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

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

The carrying cost of this investment was £50,000 (2010 £50,000)



# **ACCURACY INTERNATIONAL LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER 2011** **(continued)**

### **14 Stocks**

	<b>Group 2011</b>	<b>2010</b>	<b>Company 2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Work in progress	<b>138,398</b>	62,144	<b>137,313</b>	62,144
Finished goods and raw materials	<b>2,108,106</b>	2,096,069	<b>1,536,332</b>	1,711,845
	<u><b>2,246,504</b></u>	<u>2,158,213</u>	<u><b>1,673,645</b></u>	<u>1,773,989</u>

### **15 Debtors: amounts falling due within one year**

	<b>Group 2011</b>	<b>2010</b>	<b>Company 2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade debtors	<b>1,564,516</b>	1,271,328	<b>1,118,419</b>	902,463
Other debtors	<b>55,264</b>	76,167	<b>43,667</b>	56,467
Prepayments and accrued income	<b>101,116</b>	61,299	<b>71,610</b>	35,361
	<u><b>1,720,896</b></u>	<u>1,408,794</u>	<u><b>1,233,696</b></u>	<u>994,291</u>

### **Debtors: amounts falling due after one year**

	<u>-</u>	<u>-</u>	<u><b>1,668,047</b></u>	<u>1,010,666</u>
--	----------	----------	-------------------------	------------------

# **ACCURACY INTERNATIONAL LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER 2011** (continued)

### **16 Creditors: amounts falling due within one year**

	<b>Group</b>		<b>Company</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loans and overdrafts	<b>139,824</b>	56,662	<b>139,824</b>	56,662
Obligations under finance leases and hire purchase contracts		7,963	-	7,963
Payments received on account	<b>35,462</b>	50,297	<b>34,898</b>	49,716
Trade creditors	<b>733,482</b>	533,521	<b>664,919</b>	471,796
Taxation and social security	<b>132,947</b>	316,528	<b>106,014</b>	302,245
Other creditors	<b>27,702</b>	-	<b>27,702</b>	-
Accruals and deferred income	<b>377,662</b>	362,151	<b>335,004</b>	351,229
	<b>1,447,079</b>	1,327,122	<b>1,308,361</b>	1,239,611

### **17 Creditors: amounts falling due after more than one year**

	<b>Group</b>		<b>Company</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loans and overdrafts	<b>711,787</b>	470,306	<b>711,787</b>	470,306
	<b>711,787</b>	470,306	<b>711,787</b>	470,306

The maturity of obligations under finance leases contracts is as follows

	<b>Group</b>		<b>Company</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Within one year	-	7,963	-	7,963
	-	7,963	-	7,963

The maturity of obligations under the bank loan is as follows

	<b>Group</b>		<b>Company</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Repayable by instalments				
Within one year	<b>139,824</b>	56,662	<b>139,824</b>	56,662
In the second to fifth years	<b>572,494</b>	247,709	<b>572,494</b>	247,709
Over five years	<b>139,293</b>	222,597	<b>139,293</b>	222,597
	<b>851,611</b>	526,968	<b>851,611</b>	526,968

The bank loans are secured against the land and property at Sharps Close, Portsmouth. The US dollar loan is payable over 9 years at an interest rate of 2 1/2% pa above LIBOR and the sterling loan is payable over 5 years at an interest rate of 3% pa over LIBOR.

# **ACCURACY INTERNATIONAL LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER 2011** (continued)

### **18 Provisions for liabilities**

	<b>Deferred taxation £</b>
<b>Group</b>	
At beginning of year	56,337
Charge to the profit and loss for the year	21,303
	<hr/>
<b>At end of year</b>	<b>77,640</b>
	<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**

<b>Group and Company</b>	<b>2011 £</b>	<b>2010 £</b>
<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/>
	<b>850,000</b>	<b>850,000</b>
	<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**

<b>Group</b>	<b>Share Capital £</b>	<b>Capital Redemption Reserve £</b>	<b>Profit &amp; loss account £</b>	<b>Total £</b>
At beginning of year	60,000	530,001	4,562,564	5,152,565
Loss for the year	-	-	(58,746)	(58,746)
Exchange adjustments	-	-	(14,141)	(14,141)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At end of year</b>	<b>60,000</b>	<b>530,001</b>	<b>4,489,677</b>	<b>5,079,678</b>
	<hr/>	<hr/>	<hr/>	<hr/>

# **ACCURACY INTERNATIONAL LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER 2011** (continued)

### **20 Reserves and movement in shareholder funds**

<b>Company</b>	<b>Share Capital</b>	<b>Capital Redemption Reserve</b>	<b>Profit &amp; loss account</b>	<b>Total</b>
	£	£	£	£
At beginning of year	60,000	530,001	4,750,811	5,340,812
Profit for the year	-	-	337,470	337,470
<b>At end of year</b>	<b>60,000</b>	<b>530,001</b>	<b>5,088,281</b>	<b>5,678,282</b>

### **21 Operating Lease Commitments**

#### *Company*

	<b>Land &amp; Buildings</b>	
	<b>2011</b>	<b>2010</b>
	£	£
For leases expiring Over five years	<b>61,000</b>	-

### **22 Capital Commitments**

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

	<b>Group 2011</b>	<b>2010</b>	<b>Company 2011</b>	<b>2010</b>
	£	£	£	£
Contracted	-	166,098	-	106,175

# ACCURACY INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER 2011 (continued)

### 23 Analysis of cash flows

	<i>Notes</i>	<b>2011</b>	<b>2011</b>	<b>2010</b>	<b>2010</b>
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Returns on investment and servicing of finance</b>					
Interest received		999		73,200	
Interest paid		(29,269)		(17,212)	
Interest element of finance lease rental payments		(204)		(1,783)	
			(28,474)		54,205
<b>Capital expenditure and financial investment</b>					
Purchase of tangible fixed assets		(1,045,852)		(396,071)	
			(1,045,852)		(396,071)
<b>Financing</b>					
Increase in debt due within one year		83,162		330	
Increase in debt due after more than one year		241,481		(76,461)	
Capital element of finance lease rental payments		(7,963)		(27,220)	
			316,680		(103,351)

### 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 £34,401 (2010 £28,364).

Contributions amounting to £nil (2010 £nil) were outstanding at the year end.

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER 2011**  
**(continued)**

**25 Analysis of net funds**

	<b>At beginning of year</b>	<b>Cash flow</b>	<b>Other non cash changes</b>	<b>Translation differences</b>	<b>At end of year</b>
	£	£	£	£	£
Cash in hand, at bank	1,796,891	(836,333)	-	(14,141)	<b>946,417</b>
Debt due after one year	(470,306)	(324,643)	83,162	-	<b>(711,787)</b>
Debt due within one year	(56,662)	-	(83,162)	-	<b>(139,824)</b>
Finance leases	(7,963)	7,963	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total</b>	<b>1,261,960</b>	<b>(1,153,013)</b>	<b>-</b>	<b>(14,141)</b>	<b>94,806</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

**26 Controlling party**

The Company is privately owned and has no overall controlling shareholder