

Company Registration No. 06495417 (England and Wales)

ALLEN GEARING SOLUTIONS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2010

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ALLEN GEARING SOLUTIONS LIMITED

COMPANY INFORMATION

Directors	P Cartwright K Johnson J Watkiss
Company number	06495417
Registered office	Atlas Works Station Road Persnore Worcestershire WR10 2BZ
Auditors	Hazlewoods LLP Windsor House Bayshill Road Cheltenham Gloucestershire GL50 3AT
Bankers	Lloyds TSB Bank plc 125 Colmore Row Birmingham B3 3SF
Solicitors	Harrison Clark LLP 5 Deansway Worcester WR1 2JG

ALLEN GEARING SOLUTIONS LIMITED

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ALLEN GEARING SOLUTIONS LIMITED

DIRECTORS' REPORT

For the year ended 31 August 2010

Company Registration No 06495417 (England and Wales)

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

Principal activities and review of the business

The principal activity of the company is that of the design, manufacture and servicing of high performance gearboxes for a range of power generation, oil and gas, industrial and marine propulsion applications. The business has also established initial interest in its gearbox technology for the sustainable energy (tidal) market.

Order input in the year was in line with the directors' expectations with servicing activity showing continued growth. The order book remains strong going into 2011.

As forecast in last year's audited accounts, the performance of the overall business showed improvement in many areas. The product margins for new gearboxes and servicing both achieved significant growth in the year.

Results and dividends

The results for the year, which are set out in the profit and loss account, show a pre-tax profit of £3,249,025 (2009 £2,085,657).

Principal risks and uncertainties

The management of the company and the execution of the company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the company are considered to relate to the continued general economic climate and the potential for customers delaying the commencement of projects.

Research and development

The company invests its labour and design resources in to the development of its products and processes to enhance the quality of its products in order to remain competitive.

Future outlook

Due to its broad portfolio of products and market sector presence, the company is well prepared to respond to any changes in the external commercial environment or trading conditions in order to maintain and improve future performance.

Within the mix of markets the company operates in, it is expected a good mix of business will be achieved in the medium to long term, giving the Directors confidence that future performance will deliver strong financial results.

In summary, a continued strong order book (including some larger contracts running through to 2012) combined with excellent profit and cash generation, make the directors believe the future outlook is extremely positive.

Key performance indicators

The company uses a mix of performance indicators to manage the day to day operations of the business. However, the key indication of the business ongoing strong performance is reflected in the financial statements provided.

Financial instruments

The company is exposed to the usual credit risk and cash flow risk associated with selling on credit and manages this through credit control procedures and by taking out credit insurance. The nature of its financial instruments means that they are not subject to price or liquidity risk.

ALLEN GEARING SOLUTIONS LIMITED

DIRECTORS' REPORT (CONTINUED)

For the year ended 31 August 2010

Directors

The following directors have held office since 1 September 2009

P Cartwright
K Johnson
J Watkiss

Auditors

Hazlewoods LLP have expressed their willingness to continue in office

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 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,
- 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 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.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

ALLEN GEARING SOLUTIONS LIMITED

DIRECTORS' REPORT (CONTINUED)

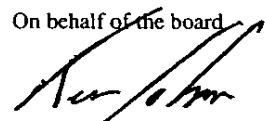
For the year ended 31 August 2010

Going concern and liquidity risk

In accordance with the Financial Reporting Council's 'Going concern and Liquidity Risk Guidance for UK Companies 2009' the directors of all companies are now required to provide disclosures regarding the adoption of the going concern basis of accounting

The company has sufficient resources available and continues to trade profitably generating cash. The directors therefore have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and have continued to adopt the going concern basis in preparing the financial statements

On behalf of the board

 12/11/2010

K Johnson
Director

ALLEN GEARING SOLUTIONS LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ALLEN GEARING SOLUTIONS LIMITED

We have audited the financial statements of Allen Gearing Solutions Limited for the year ended 31 August 2010 set out on pages 5 to 20. 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 pages 1 - 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 August 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.

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.


Andrew Brakes (Senior Statutory Auditor)
for and on behalf of Hazlewoods LLP, Statutory Auditor

25 November 2010.
Cheltenham

ALLEN GEARING SOLUTIONS LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 August 2010

	Notes	2010 £	2009 £
Turnover	2	22,317,396	26,661,460
Cost of sales		(12,306,392)	(18,255,767)
Gross profit		10,011,004	8,405,693
Administrative expenses		(6,630,285)	(6,165,358)
Operating profit	3	3,380,719	2,240,335
Interest receivable and similar income	4	5,612	2,543
Interest payable and similar charges	5	(137,306)	(157,221)
Profit on ordinary activities before taxation		3,249,025	2,085,657
Tax on profit on ordinary activities	6	(909,994)	(404,078)
Profit for the year	16	2,339,031	1,681,579

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

ALLEN GEARING SOLUTIONS LIMITED

BALANCE SHEET

As at 31 August 2010

	Notes	2010		2009	
		£	£	£	£
Fixed assets					
Intangible assets	7	807,934		1,077,246	
Tangible assets	8	3,190,610		3,533,602	
		<u>3,998,544</u>		<u>4,610,848</u>	
Current assets					
Stocks	9	3,065,236		3,729,359	
Debtors	10	4,034,871		5,325,660	
Cash at bank and in hand		2,156,297		395,418	
		<u>9,256,404</u>		<u>9,450,437</u>	
Creditors: amounts falling due within one year	11	<u>(6,890,548)</u>		<u>(9,251,668)</u>	
Net current assets		<u>2,365,856</u>		<u>198,769</u>	
Total assets less current liabilities		<u>6,364,400</u>		<u>4,809,617</u>	
Creditors: amounts falling due after more than one year	12	(1,091,490)		(1,649,114)	
Provisions for liabilities	13	(1,242,300)		(1,468,924)	
		<u>4,030,610</u>		<u>1,691,579</u>	
Capital and reserves					
Called up share capital	15	10,000		10,000	
Profit and loss account	16	4,020,610		1,681,579	
Shareholders' funds	17	<u>4,030,610</u>		<u>1,691,579</u>	

Approved by the Board and authorised for issue on

12/11/10



P Cartwright
Director

ALLEN GEARING SOLUTIONS LIMITED

CASH FLOW STATEMENT

For the year ended 31 August 2010

	£	2010 £	£	2009 £
Net cash inflow from operating activities		3,148,985		146,533
Returns on investments and servicing of finance				
Interest received	5,612		2,543	
Interest paid	(137,306)		(157,221)	
Net cash outflow for returns on investments and servicing of finance		(131,694)		(154,678)
Taxation		(257,154)		(119,448)
Capital expenditure				
Payments to acquire trade and net assets of the business	-		(2,117,967)	
Payments to acquire tangible assets	(41,121)		(36,192)	
Receipts from sales of tangible assets	-		65,250	
Net cash outflow for capital expenditure		(41,121)		(2,088,909)
Net cash inflow before management of liquid resources and financing		2,838,483		(2,216,502)
Financing				
Issue of ordinary share capital	-		10,000	
New hire purchase contracts	1,400,000		-	
Other new long term loans	-		759,000	
Other new short term loans	-		1,350,000	
Sale and leaseback of plant and machinery	-		650,000	
Repayment of other long term loans	(723,000)		-	
Repayment of other short term loans	(1,350,000)		-	
Capital element of hire purchase contracts	(404,604)		(157,080)	
Net cash (outflow)/inflow from financing		(1,077,604)		2,611,920
Increase in cash in the year		1,760,879		395,418

ALLEN GEARING SOLUTIONS LIMITED

NOTES TO THE CASH FLOW STATEMENT

For the year ended 31 August 2010

1 Reconciliation of operating profit to net cash inflow from operating activities	2010	2009
	£	£
Operating profit	3,380,719	2,240,335
Depreciation of tangible assets	454,113	351,793
Amortisation of intangible assets	269,312	269,312
Loss on disposal of tangible assets	-	16,408
Decrease in stocks	664,123	770,517
Decrease/(increase) in debtors	1,290,789	(1,782,490)
Decrease in creditors	(2,563,972)	(2,666,135)
(Decrease)/increase in provisions	(226,632)	946,793
Net cash inflow from operating activities	3,148,985	146,533

2 Analysis of net funds/(debt)	1 September 2009	Cash flow	Other non-31 August 2010 cash changes
	£	£	£
Net cash			
Cash at bank and in hand	395,418	1,760,879	-
Debt			
Hire purchase contracts	(492,920)	(995,396)	(70,000)
Debts falling due within one year	(1,350,000)	1,350,000	(36,000)
Debts falling due after one year	(759,000)	723,000	36,000
	(2,601,920)	1,077,604	(70,000)
Net (debt)/funds	(2,206,502)	2,838,483	(70,000)

3 Reconciliation of net cash flow to movement in net funds/(debt)	2010	2009
	£	£
Increase in cash in the year	1,760,879	395,418
Cash outflow/(inflow) from decrease/(increase) in debt and lease financing	1,077,604	(1,951,920)
Change in net debt resulting from cash flows	2,838,483	(1,556,502)
Sale and leaseback of plant and machinery	-	(650,000)
Movement in net funds/(debt) in the year	2,768,483	(2,206,502)
Opening net debt	(2,206,502)	-
Closing net funds/(debt)	561,981	(2,206,502)

ALLEN GEARING SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2010

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts

1.4 Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life of 5 years

1.5 Research and development

Research and development expenditure is written off to the profit and loss account in the year in which it is incurred

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Plant and machinery	5% - 15% of cost
Fixtures, fittings & equipment	20% of cost

1.7 Leasing and hire purchase commitments

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

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

1.8 Stock and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value. Cost is represented by direct materials and labour, together with attributable amounts of fixed and variable overheads incurred in bringing each product to its present location and condition. Net realisable value is estimated selling price less further costs expected to be incurred to completion and disposal.

1.9 Long term contracts

Amounts recoverable on long term contracts, which are included in debtors, are stated at the net sales value of the work done after provision for contingencies and anticipated future losses on contracts, less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account.

1.10 Pensions

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

ALLEN GEARING SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 August 2010

1 Accounting policies

(Continued)

1.11 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1.12 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

1.13 Employer Financed Retirement Benefit Schemes (EFRBS)

During the year the Company established an employer financed retirement benefit scheme for the benefit of its officers, employees and their wider families, The Allen Gearing Solutions Limited Employer Financed Retirement Benefit Scheme ("the Scheme").

In accordance with UITF 32 "Employee Benefit Trusts and other intermediate payment arrangements" the Company does not include the assets and liabilities of the Scheme on its balance sheet to the extent that it considers that it will not retain any future economic benefit from the assets of the Scheme and will not have control of the rights or other access to those future economic benefits.

2 Turnover and profit on ordinary activities before taxation

	Turnover 2010 £	2009 £
Class of business		
New gears	12,575,926	15,487,135
Servicing	9,741,470	11,174,325
	<u>22,317,396</u>	<u>26,661,460</u>
	Turnover 2010 £	2009 £
Geographical market		
UK	5,807,245	9,299,042
Europe	4,386,041	4,985,005
North America	4,825,494	5,744,477
Rest of World	7,298,616	6,632,936
	<u>22,317,396</u>	<u>26,661,460</u>

ALLEN GEARING SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 August 2010

3	Operating profit	2010	2009
		£	£
	Operating profit is stated after charging		
	Amortisation of intangible assets	269,312	269,312
	Depreciation of tangible assets	454,113	351,793
	Loss on disposal of tangible assets	-	16,408
	Employer Financed Retirement Benefit Scheme contribution	788,950	-
	Property lease rentals	180,964	173,376
	Fees payable to the company's auditor for the audit of the company's annual accounts	11,000	10,000
	Fees payable to the company's auditor for accountancy and taxation services	3,500	3,150
	and after crediting		
	Profit on foreign exchange transactions	(122,779)	(190,699)
		<u><u> </u></u>	<u><u> </u></u>
 4	 Investment income	 2010	 2009
		£	£
	Bank interest	5,612	2,543
		<u> </u>	<u> </u>
		<u><u>5,612</u></u>	<u><u>2,543</u></u>
 5	 Interest payable	 2010	 2009
		£	£
	Invoice discounting facility charges	26,778	97,762
	Directors' loan account interest	7,200	9,000
	Hire purchase interest	103,328	50,459
		<u> </u>	<u> </u>
		<u><u>137,306</u></u>	<u><u>157,221</u></u>

ALLEN GEARING SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 August 2010

6	Taxation	2010 £	2009 £
	Domestic current year tax		
	U K corporation tax	790,329	177,297
	Adjustment for prior years	119,657	-
	Current tax charge	909,986	177,297
	Deferred tax		
	Deferred tax charge current year	8	226,781
		909,994	404,078
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	3,249,025	2,085,657
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28.00% (2009 - 28.00%)	909,727	583,984
	Effects of		
	Non deductible expenses	1,363	1,206
	Depreciation add back	127,152	103,096
	Capital allowances	(175,998)	(326,975)
	Enhanced research and development expenditure	(71,915)	(180,344)
	Adjustments to previous periods	119,657	-
	Small companies relief	-	(3,670)
		259	(406,687)
	Current tax charge	909,986	177,297

ALLEN GEARING SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 August 2010

7 Intangible fixed assets

	Goodwill £
Cost	
At 1 September 2009 & at 31 August 2010	1,346,558
Amortisation	
At 1 September 2009	269,312
Charge for the year	269,312
At 31 August 2010	538,624
Net book value	
At 31 August 2010	807,934
At 31 August 2009	1,077,246

ALLEN GEARING SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 August 2010

8 Tangible fixed assets

	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£
Cost			
At 1 September 2009	3,831,568	35,485	3,867,053
Additions	10,167	100,954	111,121
At 31 August 2010	3,841,735	136,439	3,978,174
Depreciation			
At 1 September 2009	326,354	7,097	333,451
Charge for the year	435,066	19,047	454,113
At 31 August 2010	761,420	26,144	787,564
Net book value			
At 31 August 2010	3,080,315	110,295	3,190,610
At 31 August 2009	3,505,214	28,388	3,533,602

Included above are assets held under finance leases or hire purchase contracts as follows

	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£
Net book values			
At 31 August 2010	3,080,315	87,158	3,167,473
At 31 August 2009	1,768,161	28,388	1,796,549
Depreciation charge for the year			
At 31 August 2010	435,066	17,231	452,297
At 31 August 2009	344,696	7,097	351,793

ALLEN GEARING SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 August 2010

9	Work in progress	2010	2009
		£	£
	Work in progress	3,065,236	3,729,359
10	Debtors	2010	2009
		£	£
	Trade debtors	2,449,445	4,912,465
	Amounts recoverable on long term contracts	1,166,618	180,822
	Other debtors	271,053	102,379
	Prepayments and accrued income	147,755	129,994
		4,034,871	5,325,660
11	Creditors amounts falling due within one year	2010	2009
		£	£
	Other loans	36,000	1,350,000
	Payments received on account	1,754,735	3,191,233
	Net obligations under hire purchase contracts	466,826	120,715
	Trade creditors	1,749,408	3,193,024
	Corporation tax	710,681	57,849
	Other taxes and social security costs	134,377	149,299
	Other creditors	546,533	268,207
	Accruals and deferred income	1,491,988	921,341
		6,890,548	9,251,668

Included within other loans is a balance of £m1 (2009 £1,350,000) relating to deferred consideration owed to Rolls-Royce plc. This was secured by a fixed and floating charge over the assets of the company.

ALLEN GEARING SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 August 2010

12 Creditors: amounts falling due after more than one year	2010 £	2009 £
Payments on account of long term contracts	-	417,909
Other loans	-	759,000
Net obligations under hire purchase contracts	1,091,490	372,205
Other long term creditors	-	100,000
	<u>1,091,490</u>	<u>1,649,114</u>
Analysis of loans		
Wholly repayable within five years	36,000	2,109,000
	<u>36,000</u>	<u>2,109,000</u>
Included in current liabilities	(36,000)	(1,350,000)
	<u>-</u>	<u>759,000</u>
Included within other loans is a balance of of £nil (2009 £669,000) relating to deferred consideration owed to Rolls-Royce plc This was secured by a fixed and floating charge over the assets of the company		
Net obligations under hire purchase contracts		
Repayable within one year	466,826	120,715
Repayable between one and five years	1,091,490	251,490
	<u>1,558,316</u>	<u>372,205</u>
Included in liabilities falling due within one year	(466,826)	(120,715)
	<u>1,091,490</u>	<u>251,490</u>

ALLEN GEARING SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 August 2010

13 Provisions for liabilities

	Deferred tax liability £	Warranties £	Total £
Balance at 1 September 2009	226,781	1,242,143	1,468,924
Profit and loss account	8	(226,632)	(226,624)
Balance at 31 August 2010	226,789	1,015,511	1,242,300

The warranty provision is in place to cover the expected costs of replacing or repairing gears covered by the firm's warranty. The provision is calculated as a % of sales recognised and is released over the life of the warranty.

The deferred tax liability is made up as follows:

	2010 £	2009 £
Accelerated capital allowances	226,789	226,781

14 Pension and other post-retirement benefit commitments

	2010 £	2009 £
Contributions payable by the company for the year	196,465	194,949

15 Share capital

	2010 £	2009 £
Allotted, called up and fully paid		
4,000 A Ordinary shares of £1 each	4,000	4,000
3,500 B Ordinary shares of £1 each	3,500	3,500
2,500 C Ordinary shares of £1 each	2,500	2,500
	10,000	10,000

ALLEN GEARING SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 August 2010

16 Statement of movements on profit and loss account

	Profit and loss account
	£
Balance at 1 September 2009	1,681,579
Profit for the year ended 31 August 2010	2,339,031
Balance at 31 August 2010	4,020,610

17 Reconciliation of movements in shareholders' funds

	2010 £	2009 £
Profit for the financial year	2,339,031	1,681,579
Proceeds from issue of shares	-	9,900
Net addition to shareholders' funds	2,253,144	1,691,479
Opening shareholders' funds	1,691,579	100
Closing shareholders' funds	4,030,610	1,691,579

18 Financial commitments

At 31 August 2010 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 August 2011

	Land and buildings		Other	
	2010	2009	2010	2009
	£	£	£	£
Operating leases which expire				
Within one year	-	-	-	620
Between two and five years	-	-	5,239	5,239
In over five years	100,000	100,000	29,723	29,723
	100,000	100,000	34,962	35,582

ALLEN GEARING SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 August 2010

19 Directors' emoluments	2010 £	2009 £
Emoluments for qualifying services	38,953	36,249
Company pension contributions to money purchase schemes	14,760	14,610
Employer Financed Retirement Benefit Scheme contribution	788,780	-
	<u>842,493</u>	<u>50,859</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 3 (2009 - 3)

Emoluments disclosed above include the following amounts paid to the highest paid director

Emoluments for qualifying services	12,028	11,906
Company pension contributions to money purchase schemes	5,843	5,783
Employer Financed Retirement Benefit Scheme contribution	293,010	-

During the year the Company, in order to motivate and incentivise its officers and employees, established an employer financed retirement benefit scheme for the benefit of the Company's officers, employees and their wider families. The Allen Gearing Solutions Limited Employer Financed Retirement Benefit Scheme ("the Scheme") £788,780 included above relates to the Scheme contributions made during the year

ALLEN GEARING SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 August 2010

20 Employees

Number of employees

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

	2010 Number	2009 Number
Production	86	93
Services	33	33
Administration	62	69
	<u>181</u>	<u>195</u>

Employment costs

	2010 £	2009 £
Wages and salaries	6,235,716	5,668,456
Social security costs	502,761	529,316
Other pension costs	196,465	194,949
	<u>6,934,942</u>	<u>6,392,721</u>

21 Control

The company is controlled by the directors

22 Transactions with directors

The company was charged management fees of £427,933 (2009 £409,908) during the period on an arms length basis by KPJ Management LLP, a limited liability partnership controlled by the directors

At the year end the company owed director K Johnson £36,000 (2009 £36,000), director P Cartwright £nil (2009 31,500) and director J Watkiss £nil (2009 22,500) in respect of loans made to the company, included in other loans. Interest at a rate of 10% was payable on the loans during the year