

**LANGFORD LODGE HOLDINGS
(NI) LIMITED - GROUP**

**DIRECTORS' REPORT AND CONSOLIDATED
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MAY 2011



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LANGFORD LODGE HOLDINGS (NI) LIMITED – GROUP

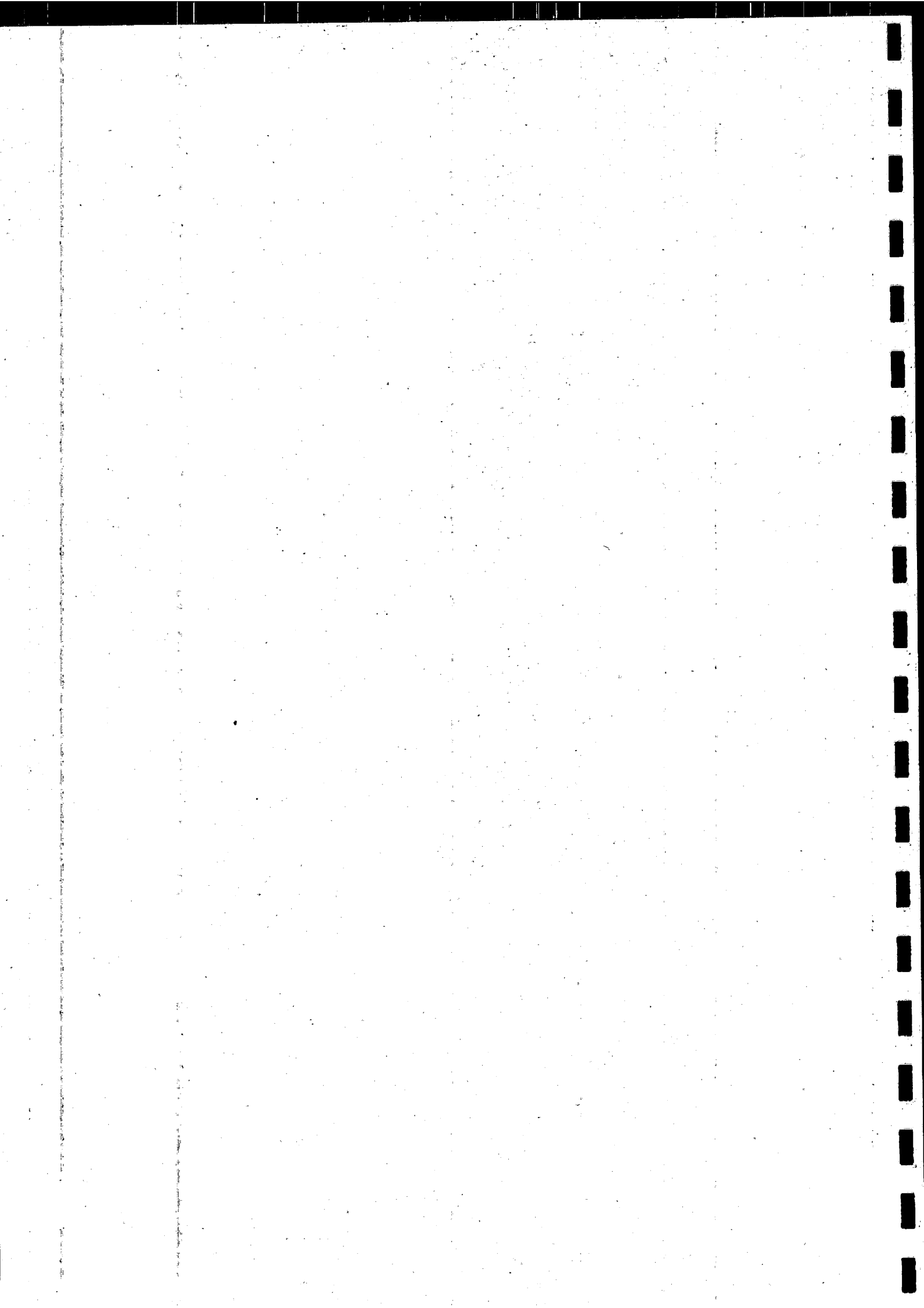
COMPANY INFORMATION

Directors	D Nutton W K Maciver
Secretary	S P Comer
Company number	NI 004200
Registered office	Capital House 3 Upper Queen Street Belfast BT1 6PU
Auditors	Hill Vellacott Chamber of Commerce House 22 Great Victoria Street Belfast BT2 7BA
Bankers	Ulster Bank 27 Main Street Crumlin BT29 4UR
Solicitors	Arthur Cox Capital House 3 Upper Queen Street Belfast BT1 6PU

LANGFORD LODGE HOLDINGS (NI) LIMITED - GROUP

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LANGFORD LODGE HOLDINGS (NI) LIMITED - GROUP

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MAY 2011

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

Principal activities

The principal activities of the parent company continued to be the investment in land and property. The principal activities of the subsidiaries are:

- the supply of precision manufacturing to the aerospace industry.
- the letting of land for agricultural purposes.

Business review and future development

On 21 June 2010 Langford Lodge Holdings (NI) Limited sold its interest in its investment property for £6,050,000 to its parent company RLC Engineering Group Limited. No profit or loss arose on this transaction. On 31 March 2011 the trade and net assets of the main trading subsidiary on the Group, Langford Lodge Engineering Company Limited, were sold under a business transfer agreement to a fellow RLC Engineering Group Limited subsidiary company, RLC (UK) Limited. The consideration being the net asset value of the company at that time namely, £7,612,826. As a result both Langford Lodge Holdings (NI) Limited and Langford Lodge Engineering Company Limited are no longer trading. Langford Lodge Holdings (NI) Limited will continue to hold its investment in its two subsidiary companies. As discussed Langford Lodge Engineering Company Limited will be dormant. The other subsidiary company, Marbur Properties Limited, will continue to trade.

The directors consider that the financial performance of the Group for the year was satisfactory. Profit for the financial year, before dividends and taxation, increased from £4.2m to £5.2m, however, included in this was an exceptional curtailment gain arising on the closure of the defined benefit pension scheme.

Results and dividends

The profit for the year, after taxation, amounted to £3,746,536 (2010 - £3,022,545).

Dividends amounting to £3,500,000 (2010 - £3,500,000) were paid during year.

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MAY 2011**

Directors

The directors who held office during the course of the year were as follows:

D Nutton
WK Maciver

No director held any beneficial interest in the shares of the company.

Research and development activities

The company continues to invest in the latest technology and employee training to maximise skill base and learning in order to safeguard employment and develop business capability for the future.

Employee involvement and employment policies

Information on matters on interest and concern relating to the company are actively communicated to employees of all levels. Departmental managers are encouraged to consult with employees when making decisions likely to affect their interest, including those of health and safety. The company is an equal opportunities employer and is committed to provide equality of opportunity in employment and not to discriminate on the grounds of gender, race, disability, age, sexual orientation, political opinion or religion. The company is fully committed to implementing its equality and other employment policies and to providing training and career development for its employees.

Provision of information to auditors


So far as the directors are aware at the time the report is approved:

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

Auditors

In accordance with Section 495 of the Companies Act 2006, a resolution proposing that Hill Vellacott be reappointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the board on *27 Sept 2011* and signed on its behalf by:



Secretary
S P Comer

LANGFORD LODGE HOLDINGS (NI) LIMITED - GROUP

**STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 MAY 2011**

The directors are responsible for preparing the annual 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). The financial statements are required by law to 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 judgments and 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 consolidated 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 proper accounting records that 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.

BY ORDER OF THE BOARD



Secretary
S P Comer

Capital House
3 Upper Queen Street
Belfast

27th September 2011

THE UNIVERSITY OF CHICAGO PRESS

LANGFORD LODGE HOLDINGS (NI) LIMITED - GROUP

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LANGFORD LODGE HOLDINGS (NI) LIMITED

We have audited the group and parent company financial statements ("the financial statements") of Langford Lodge Holdings (NI) Limited for the year ended 31 May 2011 which comprise group profit and loss account, group statement of total recognised gains and losses, group and company balance sheets, group cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Section 495 and 496 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 opinion we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement, 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 relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKNP.

Opinion

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 May 2011 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 properly prepared in accordance with the Companies Act 2006.

Opinions on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

LANGFORD LODGE HOLDINGS (NI) LIMITED - GROUP

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
LANGFORD LODGE HOLDINGS (NI) LIMITED**

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 an audit.

N. Taylor

N.S. Taylor (FCA)

Senior statutory auditor

For and on behalf of Hill Vellacott

Chartered accountants

Registered auditors

27 September 2011

Chamber of Commerce House

22 Great Victoria Street

Belfast

BT2 7BA

LANGFORD LODGE HOLDINGS (NI) LIMITED - GROUP

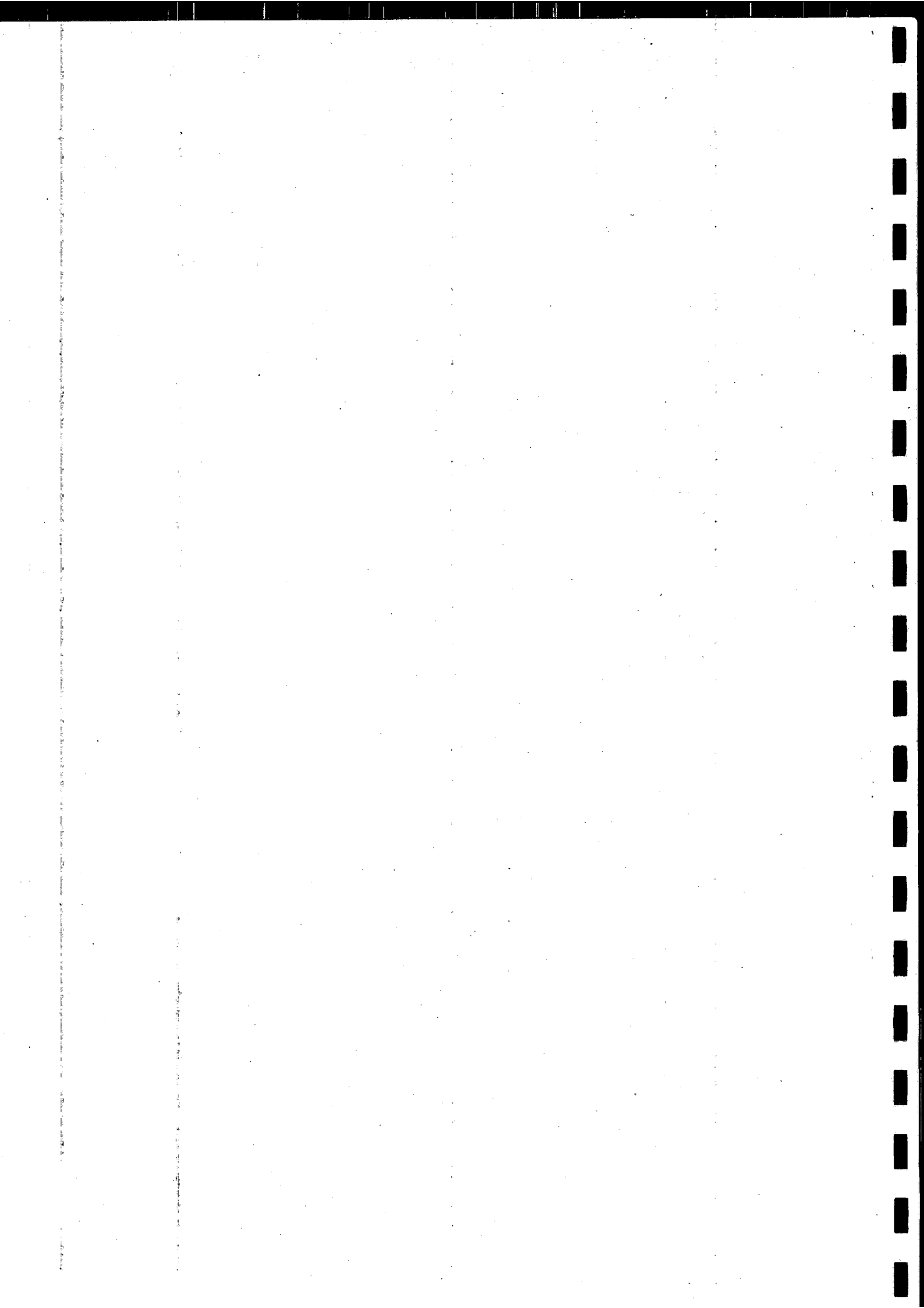
**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MAY 2011**

	Note	Continuing Operations £	Discontinued Operations £	2011 £	2010 £
TURNOVER	2	66,190	25,867,362	25,933,552	30,600,555
Cost of sales		(47,461)	(17,810,917)	(17,858,378)	(22,076,615)
GROSS PROFIT		18,729	8,056,445	8,075,174	8,523,940
Selling and distribution costs		-	(163,226)	(163,226)	(175,198)
Administrative expenses		(4,491)	(3,313,851)	(3,318,342)	(4,103,805)
Pension gain on curtailment		-	744,000	744,000	-
OPERATING PROFIT	3	14,238	5,323,368	5,337,606	4,244,937
Interest receivable	8			18,394	18,498
Interest payable	9			(147,653)	(73,268)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION				5,208,347	4,190,167
Tax on profit on ordinary activities	10			(1,461,811)	(1,167,622)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION				3,746,536	3,022,545
Dividend receivable				-	-
Dividend payable				(3,500,000)	(3,500,000)
RETAINED PROFIT / (LOSS)				246,536	(477,455)

A separate statement of total recognised gains and losses has been presented on page 7 of the financial statements.

There is no significant difference between the profit on ordinary activities before taxation and the retained profit for the period stated above, and their historical cost equivalent.

The notes on pages 11 to 28 form part of these financial statements.



LANGFORD LODGE HOLDINGS (NI) LIMITED - GROUP

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 MAY 2011**

	2011	2010
	£	£
PROFIT FOR THE FINANCIAL YEAR	3,746,536	3,022,545
Gain/(loss) on pension scheme	115,000	(1,027,000)
Deferred tax associated with (loss) / gain on pension scheme	(32,000)	288,000
Deficit on revaluation of property	-	(2,234,201)
	<hr/>	<hr/>
TOTAL RECOGNISED GAINS RELATING TO THE YEAR	3,829,536	49,344
	<hr/> <hr/>	<hr/> <hr/>

LANGFORD LODGE HOLDINGS (NI) LIMITED - GROUP

**GROUP BALANCE SHEET
AS AT 31 MAY 2011**

	<i>Note</i>	2011 £	2010 £
FIXED ASSETS			
Investments	11	-	3,250,000
Intangible assets	12	-	351,075
Tangible assets	13	-	3,531,073
		<hr/>	<hr/>
		-	7,132,148
CURRENT ASSETS			
Stock	14	-	2,938,389
Debtors	15	79,162	5,037,197
Cash and bank balances		964,440	5,743,053
		<hr/>	<hr/>
		1,043,602	13,718,639
CREDITORS— amounts falling due within one year	16	<hr/> (27,925) <hr/>	<hr/> (5,725,940) <hr/>
NET CURRENT ASSETS		1,015,677	7,992,699
DEBTORS – amounts falling due after more than one year	15	<hr/> 13,662,826 <hr/>	<hr/> - <hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		14,678,503	15,124,847
CREDITORS – amounts falling due after more than one year	16	(27)	(140)
Pension liability		-	(775,767)
NET ASSETS AFTER PENSION LIABILITY		<hr/> 14,678,476 <hr/>	<hr/> 14,348,940 <hr/>
CAPITAL AND RESERVE			
Called-up share capital	18	50,000	50,000
Revaluation reserve	19	-	6,094,083
Pension reserve	19	-	(775,767)
Profit and loss account	19	14,628,476	8,980,624
		<hr/>	<hr/>
SHAREHOLDERS FUNDS	20	14,678,476	14,348,940
		<hr/>	<hr/>

The consolidated financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 Sept. 2011


Director
D Nutton

NI 004200

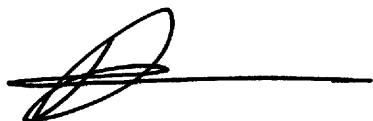
The notes on pages 11 to 28 form part of these financial statements.

LANGFORD LODGE HOLDINGS (NI) LIMITED - GROUP

**COMPANY BALANCE SHEET
AS AT 31 MAY 2011**

	<i>Note</i>	2011 £	2010 £
FIXED ASSETS			
Investments	11	205,000	3,455,000
Tangible assets	13	-	2,800,000
		<hr/>	<hr/>
		205,000	6,255,000
CURRENT ASSETS			
Stock	14	-	-
Debtors	15	38,606	12,866
Cash and bank balances		855,440	962,485
		<hr/>	<hr/>
		894,046	975,351
CREDITORS— amounts falling due within one year	16	(14,271)	(36,275)
		<hr/>	<hr/>
NET CURRENT ASSETS		879,775	939,076
DEBTORS – amounts falling due after more than one year	15	6,050,000	-
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		7,134,775	7,194,076
CREDITORS – amounts falling due after more than one year	16	(27)	(140)
		<hr/>	<hr/>
NET ASSETS		7,134,748	7,193,936
CAPITAL AND RESERVE			
Called-up share capital	18	50,000	50,000
Revaluation reserve	19	-	6,094,083
Profit and loss account	19	7,084,748	1,049,853
		<hr/>	<hr/>
SHAREHOLDERS FUNDS	20	7,134,748	7,193,936
		<hr/>	<hr/>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 Sept 2011.



Director
D Nutton

NI 004200

The notes on pages 11 to 28 form part of these financial statements.

LANGFORD LODGE HOLDINGS (NI) LIMITED - GROUP

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MAY 2011**

	Note	2011 £	2010 £
Net cash flow from operating activities	22	4,431,760	6,162,983
Returns on investments and servicing of finance	23	14,741	15,230
Taxation	23	(1,210,776)	(1,232,646)
Capital expenditure and financial investment	23	(559,810)	(540,452)
Disposal of trade and assets	23	(3,961,866)	-
CASH INFLOW BEFORE FINANCING		(1,285,951)	4,405,115
Dividend		(3,500,000)	(3,500,000)
(DECREASE)/ INCREASE IN CASH IN THE YEAR		(4,785,951)	905,115

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
FOR THE YEAR ENDED 31 MAY 2011**

		2011 £	2010 £
(Decrease) / increase in cash in the year		(4,785,951)	905,115
Cash outflow from decrease in debt and lease financing		-	-
MOVEMENT IN NET FUND IN THE YEAR		(4,785,951)	905,115
Net funds at 1 June 2010	24	5,743,053	4,837,938
NET FUNDS AT 31 MAY 2011	24	957,102	5,743,053

The notes on pages 11 to 28 form part of these financial statements.



LANGFORD LODGE HOLDINGS (NI) LIMITED - GROUP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2011

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

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

1.2 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts.

1.3 Investment property

Investment properties are revalued annually and are not depreciated or amortised. This treatment is a departure from the requirement of Company Law to provide depreciation on all fixed assets, which have a limited useful life. However, these investment properties are not held for consumption but for investment. The directors believe that the policy of not providing depreciation is necessary in order for the financial statements to give a true and fair view, since the current value of investment properties, and changes to that current value are of prime importance rather than the calculation of annual depreciation.

Increases in value are transferred to a revaluation reserve and are taken to the statement of total recognised gains or losses. Where the revaluation indicates an impairment in the value of the property, the impairment is transferred to the statement of total recognised gains and losses to a maximum of the sum of the previous revaluation gains. The remainder is charged to the profit and loss account.

1.4 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 of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

	Assets acquired post 31/05/07
Buildings	2.5% straight line
Equipment & computers	10% straight line
Plant & machinery	25% straight line
Motor vehicles	10% straight line
Canteen equipment	10% straight line
Farm equipment	10% straight line
Tractors and trailers	10% straight line

Where an asset is impaired the carrying value is written down to its recoverable amount. The impairment is first charged to the revaluation reserve. If the recoverable amount is below historic cost this element is charged to the profit and loss account.

1.5 Operating leases

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

LANGFORD LODGE HOLDINGS (NI) LIMITED - GROUP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2011

ACCOUNTING POLICIES (continued)

1.6 Stocks and work in progress

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.7 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.8 Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating profit.

1.9 Pensions

Defined benefit scheme

Langford Lodge Engineering Company Limited, a subsidiary, operates a funded defined benefits pension scheme providing benefits based on final pensionable pay. The assets of the Scheme are held separately from those of the company. The scheme was closed to new entrants with effect from 31 March 2003. In accordance with Financial Reporting Standard 17 "Retirement Benefits", the full service cost for the period, adjusted for any changes in the scheme, is charged to the profit and loss account. A charge equal to the expected increase in the present value of the scheme liabilities as a result of the scheme liabilities being one year closer to the settlement and the credit reflecting the long-term expected return on assets based on the market value of the scheme assets at the beginning of the period, is included in the profit and loss account.

The balance sheet records an asset or liability (as appropriate), the difference between the market value of the scheme assets and the present value of the accrued scheme liabilities, net of deferred tax the differences between the expected return on assets and that actually achieved in the period is recognised in the statement of total recognised gains and losses.

Employees of the company are eligible under a Deed of Adherence dated 8 November 2000 effective from 1 November 2000.

1.10 Grants

Capital grants received from Invest Northern Ireland are included in the revenue to the extent that they relate to the effective lives of the assets on which they were claimed. Other grants have been included in the accounts to the extent that they are receivable.

LANGFORD LODGE HOLDINGS (NI) LIMITED - GROUP

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2011**

2. TURNOVER

The whole of the turnover is attributable to one class of business.

A geographical analysis of turnover is as follows:

	2011	2010
	£	£
United Kingdom	24,722,122	29,230,057
Rest of European Union	81,359	169,904
Rest of world	1,130,071	1,200,594
	<hr/>	<hr/>
	25,933,552	30,600,555
	<hr/>	<hr/>

3. OPERATING PROFIT

The operating profit is stated after charging:

	2011	2010
	£	£
Depreciation of tangible fixed assets	193,805	487,504
	<hr/>	<hr/>

4. DISPOSAL OF TRADE

On 31 March 2011 the trade, assets and liabilities of Langford Lodge Engineering Company Limited were sold to RLC (UK) Limited for consideration equal to the net asset value at that date of £7,612,826. Cash balances of £3,961,866 were included in the assets transferred.

5. AUDITORS' REMUNERATION

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Fees payable to the company's auditor for the audit of the company's annual accounts	27,430	28,350	6,050	6,050
Fees payable to the company's auditor for non audit services	4,200	4,200	1,050	1,050
	<hr/>	<hr/>	<hr/>	<hr/>

6. STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

	2011	2010
	£	£
Wages and salaries	5,962,967	7,122,970
Social security costs	602,959	714,259
Other pension costs	264,959	1,064,020
	<hr/>	<hr/>
	6,830,885	8,901,249
	<hr/>	<hr/>

LANGFORD LODGE HOLDINGS (NI) LIMITED - GROUP

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2011**

5 STAFF COSTS (continued)

The average monthly number of employees, including the directors, during the year was as follows:

	2011 No.	2010 No.
Management and administration	105	103
Production	147	157
	<hr/> 252 <hr/>	<hr/> 260 <hr/>

7. DIRECTORS' REMUNERATION

	2011 £	2010 £
Emoluments	-	-
Company pension contributions to money purchase pension schemes	<hr/> - <hr/>	<hr/> - <hr/>

8. INTEREST RECEIVABLE

	2011 £	2010 £
Bank interest receivable	17,764	18,490
Woodland Grant	630	8
	<hr/> 18,394 <hr/>	<hr/> 18,498 <hr/>

9. INTEREST PAYABLE

	2011 £	2010 £
Bank fees and interest	3,653	3,268
Pension scheme	144,000	70,000
	<hr/> 147,653 <hr/>	<hr/> 73,268 <hr/>



LANGFORD LODGE HOLDINGS (NI) LIMITED - GROUP

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2011**

10. TAXATION

	2011 £	2010 £
Current year tax charge		
Current year tax charge (see note below)	1,329,451	1,148,761
Underprovision	5,629	(14,139)
Deferred tax		
Origination and reversal of timing differences (note 16)	(54,269)	29,000
Deferred Tax on pension gain	180,000	4,000
Interest	1,000	-
	<hr/>	<hr/>
Tax on profit on ordinary activities	1,461,811	1,167,622
	<hr/>	<hr/>

Factors affecting tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (28%). The differences are explained below:

	2011 £	2010 £
Profit on ordinary activities before tax	5,208,347	4,190,167
	<hr/>	<hr/>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2010 - 28%)	1,458,337	1,173,247
Effects of:		
Income not included for tax purposes	(216,868)	-
Expenses not deductible for tax purposes	35,496	184
Depreciation for year in excess of capital allowances	54,265	16,811
Utilisation of losses	(15,674)	(12,632)
Other adjustments	13,895	(28,849)
	<hr/>	<hr/>
Current tax charge for the year (see note above)	1,329,451	1,148,761
	<hr/>	<hr/>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

LANGFORD LODGE HOLDINGS (NI) LIMITED - GROUP

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2011**

11. INVESTMENTS

SUMMARY OF INVESTMENTS

GROUP	2011 £	2010 £
(i) Freehold land and buildings	-	5,250,000
Deficit on revaluation of property	-	(2,000,000)
	<u>-</u>	<u>3,250,000</u>
	<u>-</u>	<u>3,250,000</u>
COMPANY	2011 £	2010 £
(i) Freehold land and buildings	3,250,000	5,250,000
Deficit on revaluation of property	-	(2,000,000)
Disposal of property	(3,250,000)	-
	<u>-</u>	<u>3,250,000</u>
(ii) Investment in subsidiaries		
Langford Lodge Engineering Company Limited		
175,000 ordinary shares of £1 each	175,000	175,000
Marbur Properties (NI) Limited		
30,000 ordinary shares of £1 each	30,000	30,000
	<u>205,000</u>	<u>3,455,000</u>
	<u>205,000</u>	<u>3,455,000</u>
	2011 £	2010 £
Freehold land at valuation		
Langford Lodge, Crumlin, Co Antrim, N, Ireland	-	3,250,000
	<u>-</u>	<u>3,250,000</u>

The freehold land at Langford Lodge Crumlin, Co. Antrim, Northern Ireland was sold to RLC (UK) Limited 21 June 2010.

LANGFORD LODGE HOLDINGS (NI) LIMITED - GROUP

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2011

12. INTANGIBLE FIXED ASSETS – GROUP

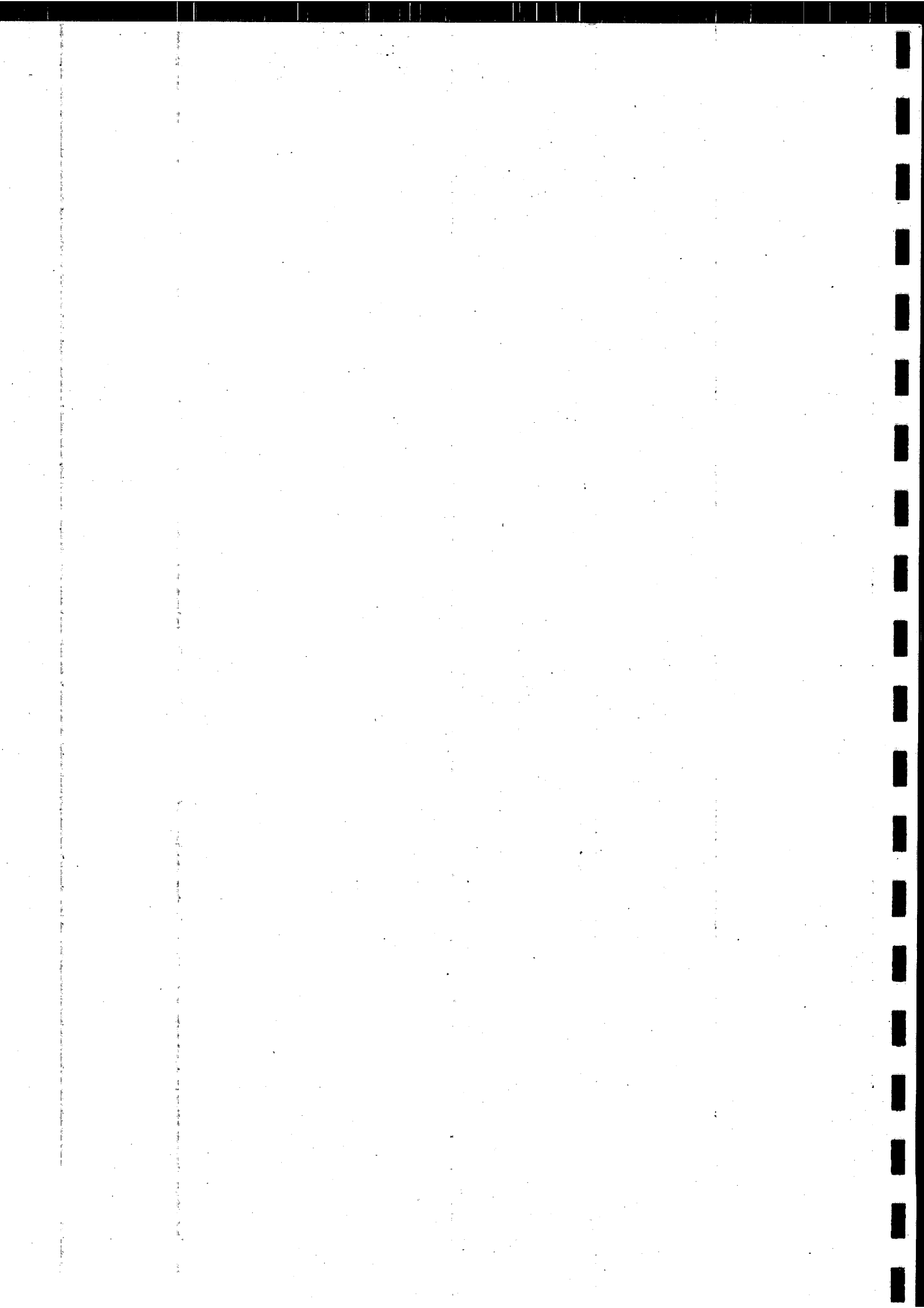
	BAE Contract £	Total £
Cost		
At 31 May 2010	351,075	351,075
Additions	291,385	291,385
Disposals	(642,460)	(642,460)
	<hr/>	<hr/>
At 31 May 2011	-	-
	<hr/>	<hr/>
Net book value		
At 31 May 2011	-	-
	<hr/>	<hr/>
At 31 May 2010	351,075	351,075
	<hr/>	<hr/>

There were no intangible fixed assets held by the company.

LANGFORD LODGE HOLDINGS (NI) LIMITED - GROUP

13. TANGIBLE FIXED ASSETS – GROUP

	Buildings	Plant and machinery	Office equipment	Motor Vehicles	Canteen/ hostel equipment	Tractors and trailers	Farm equipment	Total £
	£	£	£	£	£			
Cost								
At 1 June 2010	3,334,285	18,039,823	114,441	72,197	46,981	21,022	16,708	21,645,457
Additions	-	365,097	-	-	-	-	-	365,097
Disposals	(3,334,285)	(18,404,970)	(114,441)	(72,197)	(46,981)	(21,022)	(16,708)	(22,010,604)
At 31 May 2011	-	-	-	-	-	-	-	-
Aggregate depreciation								
At 1 June 2010	534,285	17,310,311	114,441	70,636	46,981	21,022	16,708	18,114,384
Depreciation for year		192,504	-	1,301	-	-	-	193,805
On disposals	(534,285)	(17,502,815)	(114,441)	(71,937)	(46,981)	(21,022)	(16,708)	(18,308,189)
At 31 May 2011	-	-	-	-	-	-	-	-
Net book value								
At 31 May 2011	-	-	-	-	-	-	-	-
At 31 May 2010	2,800,000	729,512	-	1,561	-	-	-	3,531,073



LANGFORD LODGE HOLDINGS (NI) LIMITED - GROUP

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2011

13. TANGIBLE FIXED ASSETS – COMPANY (*continued*)

	£
Valuation	
At 1 June 2010	3,334,285
Disposal	(3,334,285)
	<hr/>
31 May 2011	-
	<hr/>
Aggregate depreciation	
At 1 June 2010	534,285
Depreciation for year	-
On disposal	(534,285)
	<hr/>
At 31 May 2011	--
	<hr/>
Net book value	
At 31 May 2011	-
	<hr/>
At 31 May 2010	2,800,000
	<hr/>

14. STOCKS

	Group		Company		
	2011	2010	2011	2010	£
	£	£	£		
Raw materials	-	897,317	-		-
Work in progress	-	665,767	-		-
Finished goods and goods for re-sale	-	1,179,557	-		-
Fuel and heating oil	-	29,681	-		-
Loose tools and consumables	-	166,067	-		-
	<hr/>	<hr/>	<hr/>	<hr/>	
	-	2,938,389	-		-
	<hr/>	<hr/>	<hr/>	<hr/>	

LANGFORD LODGE HOLDINGS (NI) LIMITED - GROUP

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2011**

15. DEBTORS

	Group		Company		
	2011	2010	2011	2010	
	£	£	£	£	
Trade debtors	-	4,698,170	-	-	
Prepayments and accrued income	39,588	71,336	1,368	-	
Deferred tax asset	-	253,190	-	-	Note 17
VAT	2,336	1,635	-	-	
Corporation tax	37,238	12,866	37,238	12,866	
	<hr/>	<hr/>	<hr/>	<hr/>	
	79,162	5,037,197	38,606	12,866	
	<hr/>	<hr/>	<hr/>	<hr/>	

Amounts falling due after more than one year

	Group		Company		
	2011	2010	2011	2010	
	£	£	£	£	
Loan – RLC Engineering Group Limited	6,050,000	-	6,050,000	-	
Loan – RLC (UK) Limited	7,612,826	-	-	-	
	<hr/>	<hr/>	<hr/>	<hr/>	
	13,662,826	-	6,050,000	-	
	<hr/>	<hr/>	<hr/>	<hr/>	

16. CREDITORS

Amounts falling due within one year

	Group		Company		
	2011	2010	2011	2010	
	£	£	£	£	
Trade creditors	7,277	2,797,162	6,004	5,892	
Bank overdraft	7,338	-	-	-	
Corporation tax	4,061	459,951	-	-	
Social security and other taxes	-	646,629	-	11,758	
Accruals and deferred income	10,249	1,774,110	8,267	18,625	
Deferred income – capital grant	-	48,088	-	-	
	<hr/>	<hr/>	<hr/>	<hr/>	
	21,925	5,725,940	14,271	36,275	
	<hr/>	<hr/>	<hr/>	<hr/>	



LANGFORD LODGE HOLDINGS (NI) LIMITED - GROUP

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2011**

16. CREDITORS (*continued*)

Amounts falling due after more than one year

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Deed of easement	<u>27</u>	<u>140</u>	<u>27</u>	<u>140</u>

17. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred tax	2011	2010
	£	£
Deferred tax provided in the financial statements and the potential asset, is as follows:		
Excess of depreciation over capital allowances	<u>-</u>	<u>253,190</u>
At 1 June 2010	253,190	282,190
Movement in year	54,269	(29,000)
Transfer to RLC (UK) Limited	<u>(307,459)</u>	<u>-</u>
At 31 May 2011 (note 15)	<u>-</u>	<u>253,190</u>

18. SHARE CAPITAL

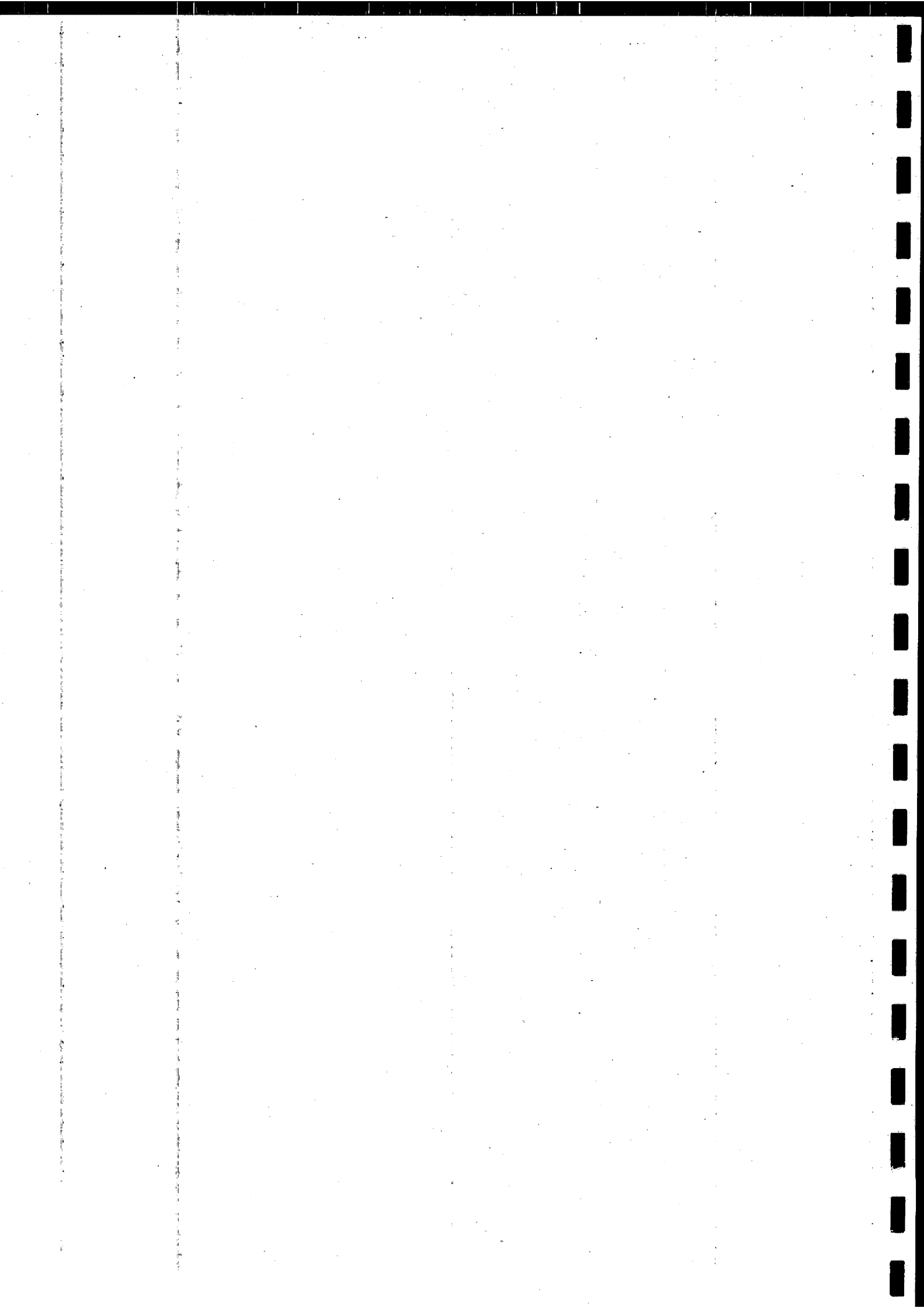
	2011	2010
	£	£
Authorised share capital		
100,000 ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
Allotted, called up and fully paid		
50,000 ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

LANGFORD LODGE HOLDINGS (NI) LIMITED - GROUP

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2011

19. RESERVES

	Revaluation reserve	Group Profit and loss account	Pension reserve	Revaluation reserve	Company Profit and loss account	Pension reserve
	£	£	£	£	£	£
At 1 June 2010	6,094,083	8,980,624	(775,767)	6,094,083	1,049,853	-
Profit / (Loss) retained for year	-	246,536	-	-	(59,188)	-
Transfer	-	(692,767)	692,767	-	-	-
Actuarial gain on pension scheme	-	-	115,000	-	-	-
Deferred tax on actuarial gain	-	-	(32,000)	-	-	-
Realised on disposal of property	(6,094,083)	6,094,083	-	(6,094,083)	6,094,083	-
Balance at 31 May 2011	-	14,628,476	-	-	7,084,748	-



LANGFORD LODGE HOLDINGS (NI) LIMITED - GROUP

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2011**

20. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Opening shareholders funds	14,348,940	17,799,596	7,193,936	9,311,839
Profit / (loss) retained for the year	246,536	(477,455)	(59,188)	116,298
Actuarial (loss) / gain on pension scheme	115,000	(1,027,000)	-	-
Deferred tax on actuarial (loss) / gain	(32,000)	288,000	-	-
Deficit on revaluation of property	-	(2,234,201)	-	(2,234,201)
	<hr/>	<hr/>	<hr/>	<hr/>
Closing shareholders funds	14,678,476	14,348,940	7,134,748	7,193,936
	<hr/>	<hr/>	<hr/>	<hr/>

21. PENSIONS COSTS - GROUP

The company operates a funded defined benefits pension scheme, the RLC (UK) Limited Scheme ("the Scheme"), providing benefits based on final pensionable pay.

The most recent actuarial valuation was carried out at 1 November 2008. The amounts for liabilities on 31 May 2011 and the service cost arising during 2011 have been estimated based on this valuation using actuarial techniques of approximation and available information.

The employer contributions made in respect of the accounting period amounted to £18,000 for the Scheme. The employer contributed to the Scheme at the rate of 11.3% of last pensionable salaries per annum over the accounting period.

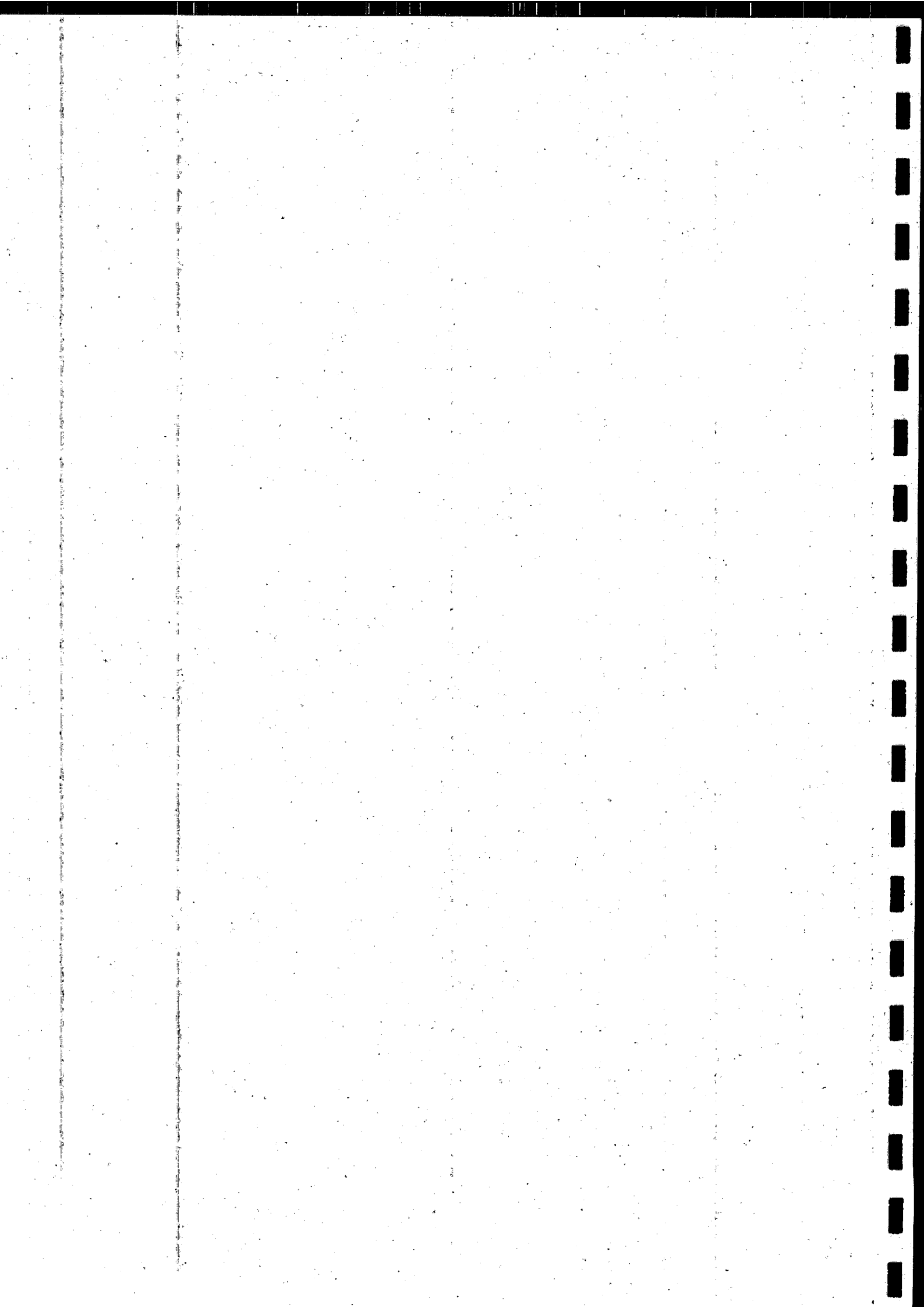
The scheme closed to future accrual on 28 February 2010 and all active members became deferred on that date.

On 31 March 2011 the scheme transferred to the ownership of RLC (UK) Limited. As a result the pension liability relating to the scheme at 31 March 2011 and set out below transferred to RLC (UK) at that date.

The major assumptions used in this valuation were:

	At 31 May 2011	At 31 May 2010	At 31 May 2009
Rate of increases in salaries	n/a	n/a	4.0%
Rate of increase in pensions payments and deferred pensions	3.0%	3.0%	3.0%
Discount rate	5.3%	5.5%	6.7%
Rate of inflation assumption	3.2%	3.3%	3.0%

The assumptions used by the actuary are chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.



LANGFORD LODGE HOLDINGS (NI) LIMITED - GROUP

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2011**

21. PENSIONS COSTS – GROUP (continued)

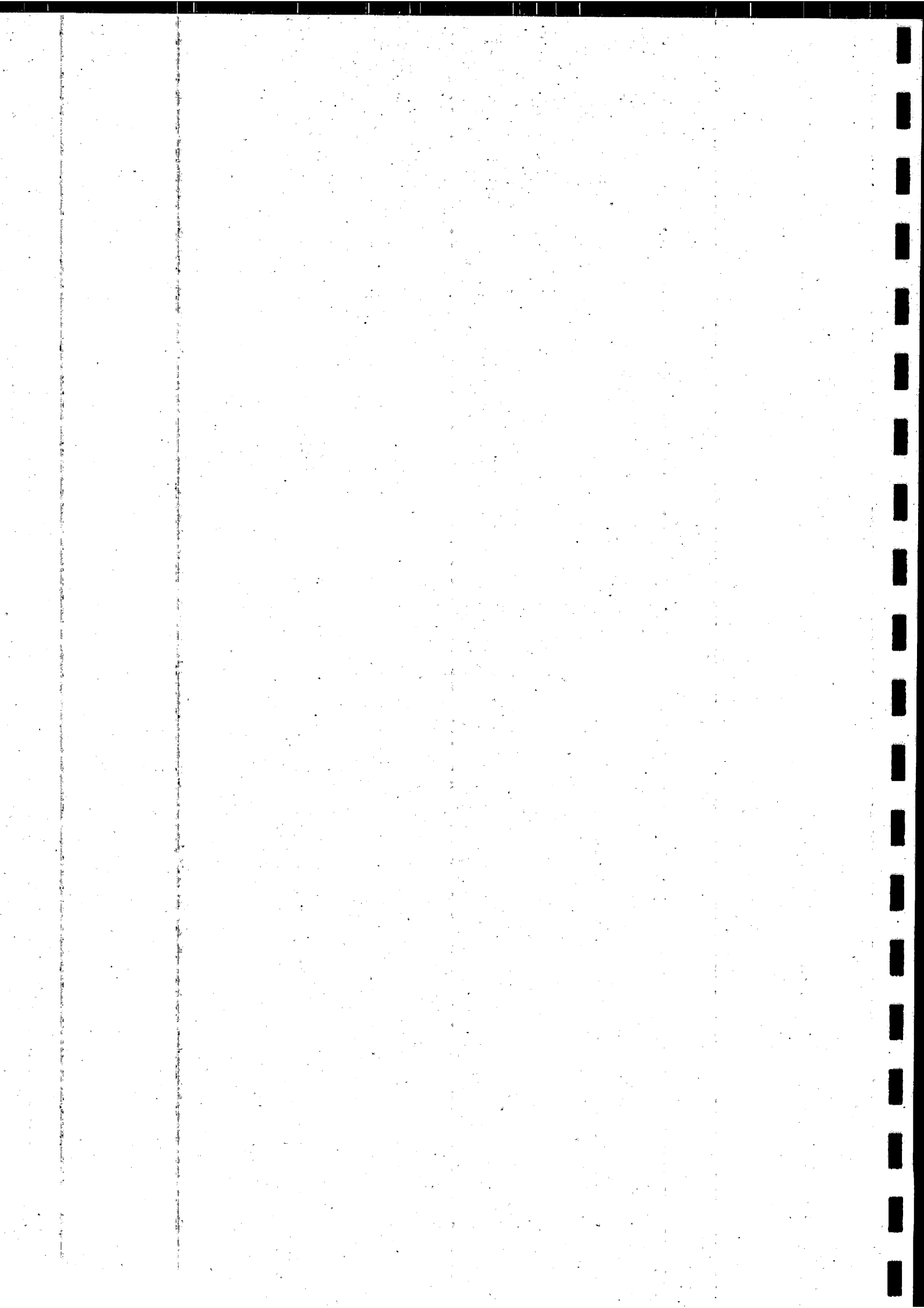
SCHEME ASSETS

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections a over long period and thus inherently uncertain, were:

	Value at 2011 £'000	Value at 2010 £'000	Value at 2009 £'000
Equities	2,561	2,128	3,178
Bonds	2,935	2,714	1,621
Other	790	2,573	1,331
	<hr/>	<hr/>	<hr/>
Total market value of assets	6,286	7,415	6,130
Present value of scheme liabilities	(6,630)	(8,492)	(6,195)
	<hr/>	<hr/>	<hr/>
Deficit in the scheme – pension liability	(344)	(1,077)	(65)
Related deferred tax asset	89	287	18
	<hr/>	<hr/>	<hr/>
Net pension liability at date of transfer	(255)	(790)	(47)
Transfer to RLC (UK) Limited	255	-	-
	<hr/>	<hr/>	<hr/>
Balance at 31 May 2011	-	(790)	(47)
	<hr/>	<hr/>	<hr/>

The expected rates of return on the assets in the scheme were:

	Long term rate of return 2011	Long term rate of return 2010	Long term rate of return 2009
Equities	6.9%	7.10%	7.20%
Bonds	5.3%	5.50%	6.70%
Other	0.5%	0.50%	0.50%
	<hr/>	<hr/>	<hr/>



LANGFORD LODGE HOLDINGS (NI) LIMITED - GROUP

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2011**

21. PENSIONS COSTS – GROUP (continued)

Movement in deficit during the year

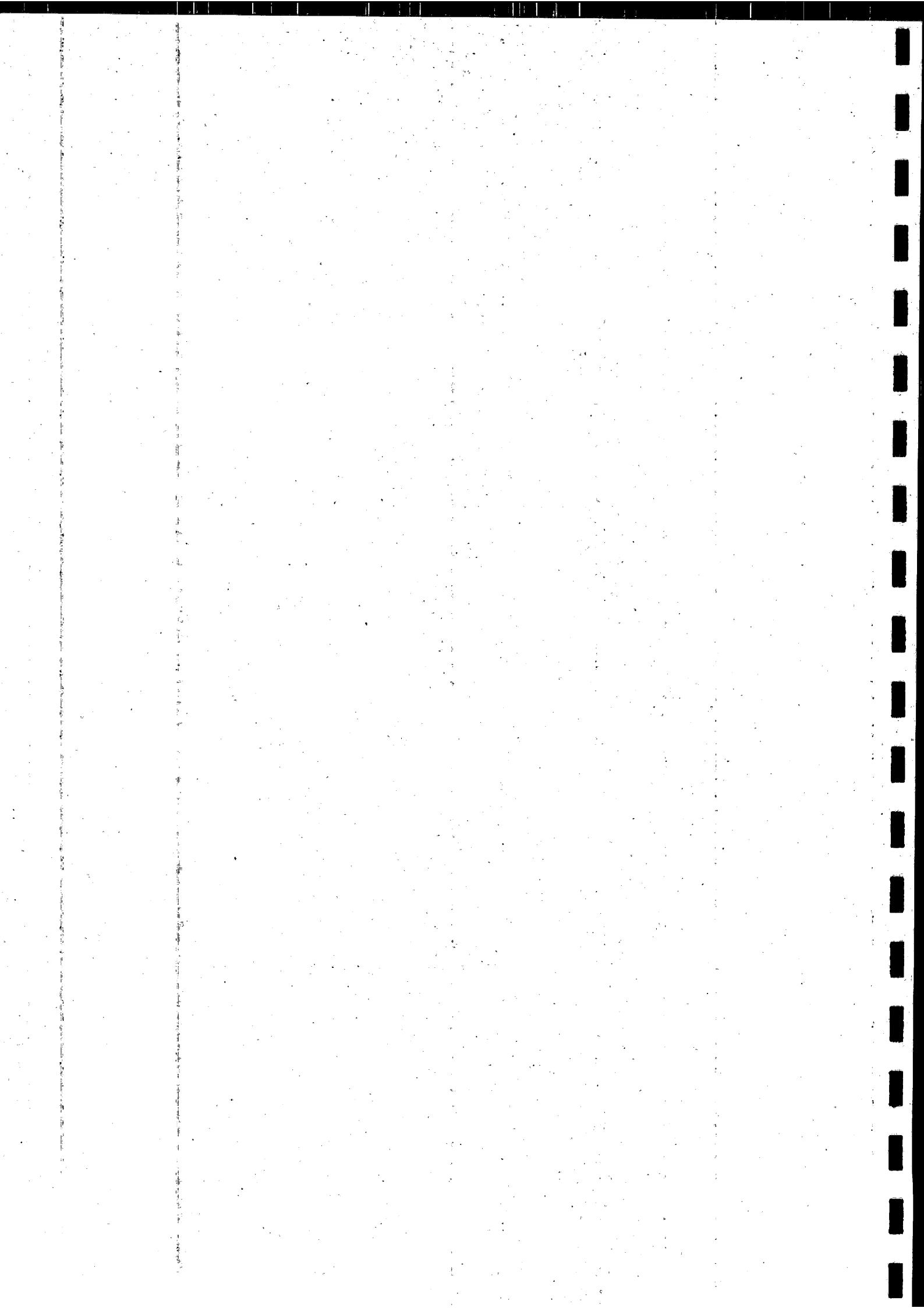
	2011	2010	2009
	£'000	£'000	£'000
Deficit in scheme at beginning of year	(1,077)	(65)	(720)
Current service cost	-	(206)	(345)
Contributions	18	291	388
Other finance income	(144)	(70)	24
Losses / (gains) on settlements	744	-	-
Actuarial gain / (loss)	115	(1,027)	588
	<hr/>	<hr/>	<hr/>
Deficit in scheme at date of transfer	(344)	(1,077)	(65)
Transfer to RLC (UK) Limited	344	-	-
	<hr/>	<hr/>	<hr/>
Balance at 31 May 2011	-	(1,077)	(65)
	<hr/>	<hr/>	<hr/>

Analysis of the amount charged to profit before tax

	2011	2010	2009
	£'000	£'000	£'000
Current service cost	-	206	345
	<hr/>	<hr/>	<hr/>
Analysis of amounts included in other finance income / costs			
Expected return on pension scheme assets	273	346	462
Interest cost on pension scheme liabilities	(417)	(416)	(438)
	<hr/>	<hr/>	<hr/>
	(144)	(70)	24
	<hr/>	<hr/>	<hr/>

Analysis of amount recognised in statement of total recognised gains and losses.

	2011	2010	2009
	£'000	£'000	£'000
Actual return less expected return on scheme assets	384	812	(697)
Experience gains and losses arising on scheme liabilities	(63)	(69)	105
Changes in assumption underlying the present value of the scheme liabilities	(206)	(1,770)	1,180
	<hr/>	<hr/>	<hr/>
Actuarial return recognised in statement of total recognised gains and losses	115	(1,027)	588
	<hr/>	<hr/>	<hr/>



LANGFORD LODGE HOLDINGS (NI) LIMITED - GROUP

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2011**

21. PENSIONS COSTS – GROUP (continued)

HISTORY OF EXPERIENCE GAINS AND LOSSES

	2011	2010	2009
Difference between the expected and actual return on scheme assets:			
Amount (£000)	384	812	(697)
Percentage of year end scheme assets	6.1%	11%	(11)%
Experience gains and losses on scheme liabilities			
Amount (£000)	(63)	(69)	105
Percentage of year end present value of scheme liabilities	(1.0)%	(1)%	2%
Total amount recognised in statement of total recognised gains and losses			
Amount (£000)	115	(1,027)	588
Percentage of year end present value of scheme liabilities	2%	(12)%	9%

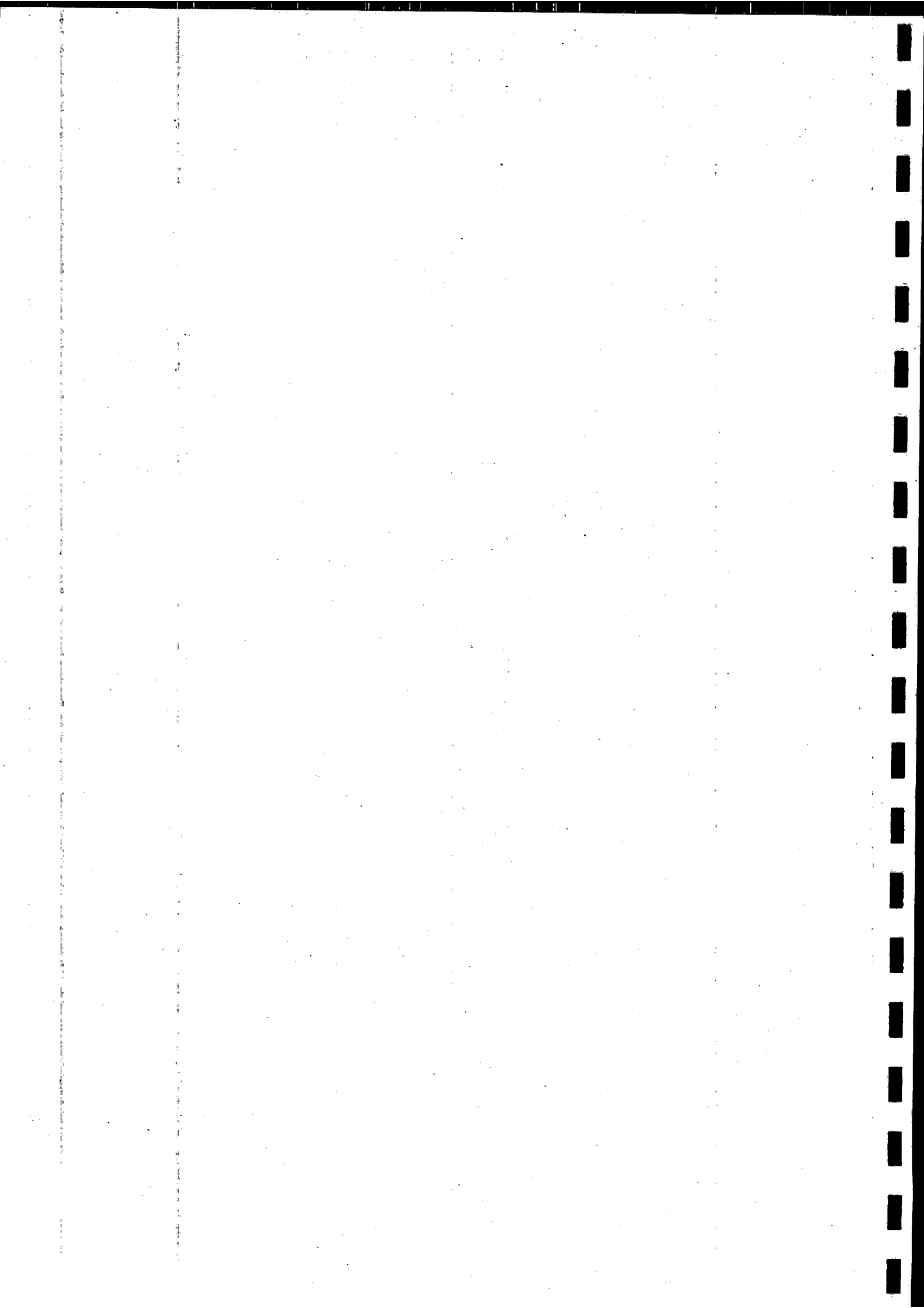
DEFINED CONTRIBUTION SCHEME

The company also operates a defined contribution scheme providing benefits on the amount of contributions paid and the investment returns achieved on these contributions. The assets of the Scheme are held separately from those of the company.

The cost of the scheme is equal to the contribution payable over the accounting period. For the year ended 31 May 2011 the cost is £340,875 (2010: £93,546).

22. NET CASH FLOW FROM OPERATING ACTIVITIES

	2011 £	2010 £
Operating profit	5,337,606	4,244,937
Depreciation of tangible fixed assets	193,805	487,506
Amortisation of grant	(30,527)	(20,071)
Decrease/(increase) in stocks	849,807	(84,083)
(Increase)/decrease in debtors	(938,452)	906,666
Increase/(decrease) in creditors	(218,479)	713,028
Pension scheme	(762,000)	(85,000)
	<hr/>	<hr/>
Net cash inflow from operations	4,431,760	6,162,983
	<hr/>	<hr/>



LANGFORD LODGE HOLDINGS (NI) LIMITED - GROUP

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2011**

23. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2011 £	2010 £
Returns on investments and servicing of finance		
Interest received	18,394	18,498
Interest paid	(3,653)	(3,268)
Net cash from returns on investments and servicing of finance	<u>14,741</u>	<u>15,230</u>
Taxation		
Corporation tax paid	(1,210,776)	(1,232,646)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(365,097)	(240,465)
Purchase of intangible fixed assets	(291,385)	(351,075)
Capital grant	96,672	51,088
Net cash outflow from capital expenditure	<u>(559,810)</u>	<u>(540,452)</u>
Disposal		
Cash out flow from disposal of trade and net assets	(3,961,866)	-
Dividend		
Dividend paid	(3,500,000)	(3,500,000)

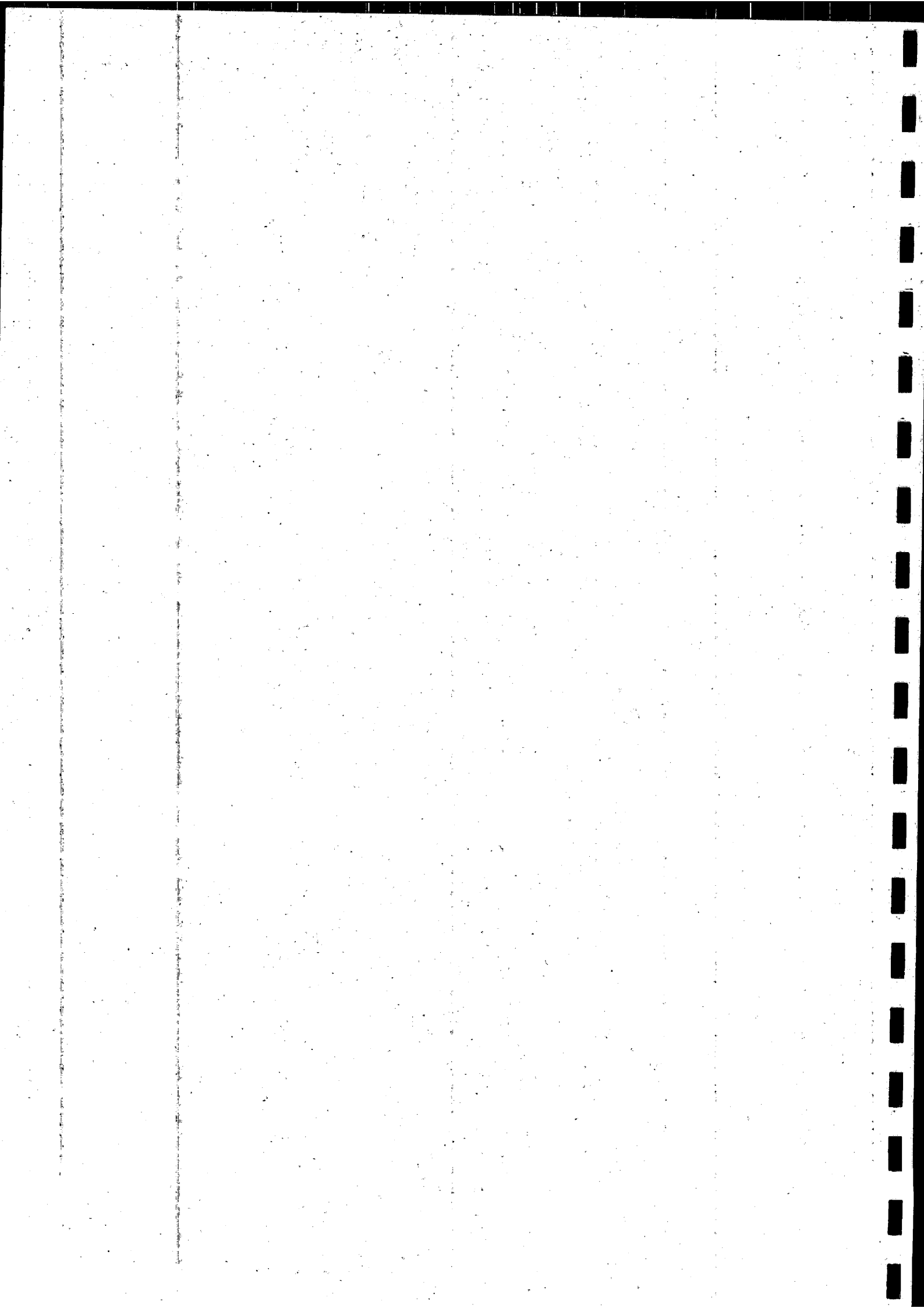
24. ANALYSIS OF CHANGES IN NET FUNDS

	31 May 2011 £	Cash flow £	1 June 2010 £
Cash at bank and in hand	964,440	(4,778,613)	5,743,053
Overdraft	(7,338)	(7,338)	-
Net funds	<u>957,102</u>	<u>(4,785,951)</u>	<u>5,743,053</u>

25. PROFIT FOR THE YEAR

The profit for the year can be attributed as follows:

	2011 £	2010 £
Langford Lodge Holdings (NI) Limited	(59,188)	116,298
Other group companies	3,805,724	2,906,247
	<u>3,746,536</u>	<u>3,022,545</u>



LANGFORD LODGE HOLDINGS (NI) LIMITED - GROUP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2011

26. CAPITAL COMMITMENTS – GROUP AND COMPANY

At 31 May 2011 the company had capital commitments as follows:

	2011 £	2010 £
Contracted for but not provided in these financial statements	-	-

27. RELATED PARTY TRANSACTIONS

The group is related to Ronaldsway Aircraft Company Ltd and RLC (UK) Limited as they are both fully owned subsidiaries of RLC Engineering Group Limited.

During the year the group purchased goods valued at £1,455,363 from Ronaldsway Aircraft Company Limited (2010: £1,436,338). Amounts owed to that company at the year end were £NIL. (2010: £129,726).

The group also sold goods valued at £825,015 to Ronaldsway Aircraft Company Limited. (2010: £1,278,739). Amounts due from that company at the year end were £NIL (2010: £52,702).

During the year the company purchased goods valued at £2,332 from RLC (UK) Limited (2010: Nil). The company also sold goods valued at £ 68,696 to RLC (UK) Limited (2010: Nil).

As set out in note 4 the company sold its trade and net assets to RLC (UK) Limited at 31 March 2011. As a result there is a balance due from RLC (UK) Limited to the company at the year end of £7,612,826.

During the year the group paid rent of £355,625 to RLC Engineering Group Limited (2010: £NIL). The group also purchased services valued at £969,939 from RLC Engineering Group Limited (2010: £645,420). No amount was owed to that company at the year end. (2010: £27,347). In addition the group sold goods valued at £71,756 to RLC Engineering Group Ltd (2010: £32,477). During the year the group sold land and buildings to RLC Engineering Group Limited for a value of £6,050,000. This balance is outstanding at the year end.

During the year the group purchased services valued at £1,247,601 from RLC Engineering Services Limited (2010: £881,517). No amount was owed to that company at the year end. (2010: £22,269). The company also sold goods valued at £11,573 to RLC Engineering Services Limited.

28. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The ultimate parent company is RLC Engineering Group Limited, registered in the Isle of Man. RLC Engineering Group Limited is ultimately controlled by the Trustees of the Holt and Burrell Will Trust.

29. COMPARATIVE FIGURES

Comparative figures have been reclassified in a manner consistent with the current period.

