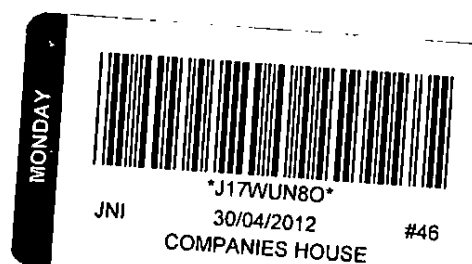
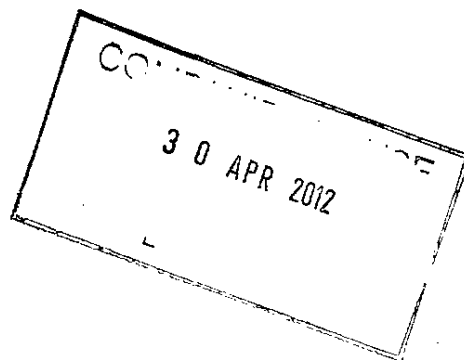


Aghareany Limited

Directors' report and consolidated financial statements for the year ended 31 July 2011

Registration No: NI060161 (Northern Ireland)



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Directors and advisors

Directors

Aidan O'Neill
Martin O'Neill
Paul O'Neill
Mary Turkington
Olive McCluggage

Company Secretary

Aidan O'Neill

Registered Office

12 Torrent Business Centre
Donaghmore

Registered Auditors

ASM (M) Ltd
Chartered Accountants
The Diamond Centre
Market Street
Magherafelt

Bankers

Ulster Bank Limited
11-16 Donegall Square East
Belfast

Solicitors

Olive McCluggage
12 Torrent Business Centre
Donaghmore

Directors' report

The directors present their report and the audited consolidated financial statements for the year ended 31 July 2011.

Principal activities

The principal activity of the Group is the manufacture of crawler track systems.

The consolidated profit and loss account is set out on page 7.

Review of business and future developments

Both the level of business and the year end financial position were considered satisfactory and the directors expect that the current level of activity will be sustained in the foreseeable future.

Future outlook

The directors remain confident that the current level of performance will be sustained in the future.

Principal risks and uncertainties

The key business risks and uncertainties affecting the Group are increasing raw material costs and maintaining sales levels.

The Group's management endeavour to mitigate these risks by implementing regular strategic and operational reviews.

Financial risk management

The Group's operations expose it to a variety of financial risks that include credit, liquidity and foreign exchange risk. The Group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Group.

Credit risk

The Group has implemented policies through its credit control procedures to ensure appropriate credit checks are performed on potential customers before sales are made. The Group has credit insurance in place to hedge against this risk.

Liquidity risk

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

Foreign exchange risk

While operations of the Group are mainly in the United Kingdom the Group is exposed to foreign exchange risk in the normal course of business principally on sales and purchases denominated in Euro and US Dollars. The Group operates Euro and US Dollar denominated bank accounts and fixed rate foreign exchange contracts to hedge its foreign exchange risk.

Directors' report (continued)

Key performance indicators

The Group's directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business.

Dividends and transfers to reserves

The directors do not recommend the payment of a dividend in respect of the year ended 31 July 2011. The profit for the year has been transferred to reserves.

Directors

The directors of the Company at 31 July 2011, who have all been directors for the whole of the year ended on that date, are listed on page 1.

Changes in fixed assets

The movements in fixed assets during the year are set out in notes 11, 12 and 13 to the consolidated financial statements.

Taxation status

The Company is a close company as defined by the provisions of the Income and Corporation Taxes Act 1988 and this position has not changed since the end of the financial year.

Research and development

The Group is involved in the development of new crawler track systems for future commercial production.

Directors' responsibilities statement

The directors are responsible for preparing the Directors' Report and the consolidated 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 the affairs of the Company and Group and the profit or loss of the Company and Group 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 and Group will continue in business.

Directors' report (continued)

Directors' responsibilities statement (continued)

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company and Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and Group 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 Group 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 and the Group 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 and the Group's auditors are aware of that information.

This statement is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Auditors

The auditors, ASM (M) Ltd, are deemed to be reappointed under Section 487(2) of the Companies Act 2006.

By the order of the Board



Martin O'Neill
Director

Donaghmore
27 April 2012

Independent auditors' report to the members of Aghareany Limited

We have audited the consolidated financial statements of Aghareany Limited for the year ended 31 July 2011 which comprise the Consolidated Profit and Loss Account, the Company and Group Balance Sheets, the Consolidated 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 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 auditor's report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out in the Directors' Report, the directors are responsible for the preparation of the consolidated 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 consolidated financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the consolidated financial statements

An audit involves obtaining evidence about the amounts and disclosures in the consolidated financial statements sufficient to give reasonable assurance that the consolidated 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 and Group 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 consolidated financial statements.

Opinion on consolidated financial statements

In our opinion the consolidated financial statements:

- give a true and fair view of the state of the Company and Group's affairs as at 31 July 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 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 consolidated financial statements are prepared is consistent with the consolidated financial statements.

Independent auditors' report to the members of Aghareany Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the consolidated 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 of the information and explanations we require for our audit.

Mark McNeill

Mark McNeill (Senior Statutory Auditor)

**For and on behalf of:
ASM (M) Ltd
Chartered Accountants and Statutory Auditors**

**The Diamond Centre
Market Street
Magherafelt**

27 April 2012

Consolidated profit and loss account

	Notes	2011 £	2010 £
Turnover	1, 2	35,600,879	20,228,196
Cost of sales		<u>(32,293,574)</u>	<u>(18,159,538)</u>
Gross profit/(loss)		3,307,305	2,068,658
Net operating expenses	3	<u>(1,993,616)</u>	<u>(1,373,881)</u>
Operating profit/(loss)		1,313,689	694,777
Profit/(loss) on disposal of tangible fixed assets		-	-
Investment income		<u>25,263</u>	<u>2,586</u>
Profits/(loss) on ordinary activities before interest payable		1,338,952	697,363
Interest payable and similar charges	6	<u>(97,686)</u>	<u>(21,638)</u>
Profit/(loss) on ordinary activities before taxation	7	1,241,266	675,725
Taxation	8	<u>(282,165)</u>	<u>(186,243)</u>
Profit/(loss) for the year	20, 21	<u>959,101</u>	<u>489,482</u>

All amounts above relate to continuing operations of the Group.

The Group has no recognised gains or losses other than the profits/(losses) presented above and therefore no separate consolidated statement of total recognised gains and losses has been presented.

There is no difference between the profit/(loss) on ordinary activities before taxation and the profit/(loss) for the year stated above and their historical cost equivalents.

Balance sheets

	Notes	Group		Company	
		2011	2010	2011	2010
		£	£	£	£
Fixed assets					
Intangible fixed assets	11	-	424,308	-	-
Tangible fixed assets	12	55,737	86,525	-	-
Investments	13	-	-	3,097,028	3,097,028
		<u>55,737</u>	<u>510,833</u>	<u>3,097,028</u>	<u>3,097,028</u>
Current assets					
Stock	14	5,462,901	4,199,289	-	-
Debtor	15	10,563,609	9,290,848	185,740	838,036
Cash at bank		2,339,995	1,424,962	1,364,791	602,808
		<u>18,366,505</u>	<u>14,915,099</u>	<u>1,550,531</u>	<u>1,440,844</u>
Creditors: amounts falling due within one year	16	<u>13,050,992</u>	<u>11,013,783</u>	<u>1,024,447</u>	<u>974,158</u>
Net current assets/(liabilities)		<u>5,315,513</u>	<u>3,901,316</u>	<u>526,084</u>	<u>466,686</u>
Total assets less current liabilities		<u>5,371,250</u>	<u>4,412,149</u>	<u>3,623,112</u>	<u>3,563,714</u>
Creditors: amounts falling due after one year	17	<u>169,431</u>	<u>169,431</u>	<u>169,431</u>	<u>169,431</u>
Provisions for liabilities	18	-	-	-	-
		<u>169,431</u>	<u>169,431</u>	<u>169,431</u>	<u>169,431</u>
Net assets		<u>5,201,819</u>	<u>4,242,718</u>	<u>3,453,681</u>	<u>3,394,283</u>
Capital and reserves					
Called up share capital	19	5	5	5	5
Share premium account	20	999,995	999,995	999,995	999,995
Profit and loss account	20	4,201,819	3,242,718	2,453,681	2,394,283
Total equity shareholders' funds	21	<u>5,201,819</u>	<u>4,242,718</u>	<u>3,453,681</u>	<u>3,394,283</u>

The consolidated financial statements on pages 7 to 21 were approved and authorised for issue by the Board of Directors on 27 April 2012 and were signed on its behalf by:



Martin O'Neill
Director

Registration Number: NI060161

The notes on pages 11 to 21 form part of these consolidated financial statements

Consolidated cash flow statement for the year ended 31 July 2011

	2011 £	2010 £
Net cash inflow/(outflow) from operating activities (page 10)	<u>(1,485,639)</u>	<u>(811,522)</u>
Returns on investments and servicing of finance		
Interest paid	(97,686)	(21,638)
Interest received	<u>25,263</u>	<u>2,586</u>
	<u>(72,423)</u>	<u>(19,052)</u>
Taxation	<u>(490,029)</u>	<u>(366,811)</u>
Capital expenditure		
Purchase of tangible fixed assets	-	-
Proceeds on sale of tangible fixed assets	<u>-</u>	<u>-</u>
Net cash outflow for capital expenditure	<u>-</u>	<u>-</u>
Financing		
Bank loan repayment	<u>-</u>	<u>-</u>
Net cash outflow for financing	<u>-</u>	<u>-</u>
Increase/(decrease) in cash and cash equivalents	<u>(2,048,091)</u>	<u>(1,197,385)</u>

The notes on pages 11 to 21 form part of these consolidated financial statements

Consolidated cash flow statement for the year ended 31 July 2011

Reconciliation of operating profit to net cash inflow from operating activities

	2011 £	2010 £
Operating profit (page 7)	1,313,689	694,777
Depreciation of tangible fixed assets	30,788	45,317
Amortisation of intangible fixed assets	424,308	424,305
(Increase)/decrease in stocks	(1,263,612)	(359,046)
(Increase)/decrease in trade debtors	(2,161,931)	(5,254,124)
Increase/(decrease) in trade creditors	(940,104)	2,434,312
(Increase)/decrease in other debtors and prepayments	(31,165)	299,313
(Increase)/decrease in related party debt	307,989	310,630
Increase/(decrease) in other creditors and accruals	542,185	573,785
Increase/(decrease) in other taxation and social security	292,214	19,209
Net cash inflow/(outflow) from continuing operating activities	<u>(1,485,639)</u>	<u>(811,522)</u>

Analysis of changes in net debt

	2011 £	2010 £
Opening balance	(1,223,482)	(26,097)
Net cash flow	<u>(2,048,091)</u>	<u>(1,197,385)</u>
Closing balance	<u>(3,271,573)</u>	<u>(1,223,482)</u>

	2011 £	2010 £	Change in the year £
Analysis of balances			
Cash at bank and in hand	2,339,995	1,424,962	915,033
Bank overdraft	-	(145,590)	145,590
Commercial finance	<u>(5,611,568)</u>	<u>(2,502,854)</u>	<u>(3,108,714)</u>
	<u>(3,271,573)</u>	<u>(1,223,482)</u>	<u>(2,048,091)</u>

	Bank loans £
Analysis of changes in financing	
At 1 August 2010	-
Loan repayments	-
At 31 July 2011	<u>-</u>

The notes on pages 11 to 21 form part of these consolidated financial statements

Notes to the consolidated financial statements

1. Principal accounting policies

The consolidated financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important policies, which have been applied consistently, is set out below.

Basis of accounting

The consolidated financial statements are prepared in accordance with the historical cost convention.

The directors consider it appropriate to prepare the consolidated financial statements on a going concern basis.

Basis of consolidation

The consolidated financial statements include the Company and its subsidiary undertakings. Intra-group sales and profits are eliminated fully on consolidation.

Turnover

Turnover represents amounts receivable for goods and services net of value added taxation and trade discounts.

Investment income

Income from deposits is included, together with the related tax credit, in the profit and loss account on an accruals basis.

Parent company profit and loss

The Company is exempt from publishing its profit and loss account under Section 408 of the Companies Act 2006.

Goodwill

Goodwill arising on consolidation represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired, net of amortisation and any provision for impairment.

Goodwill arising on the acquisition of subsidiaries and other purchased goodwill is eliminated by amortisation through the profit and loss account on a straight line basis over its useful economic life. The principal rates used for this purpose are as follows:

	%
Goodwill arising on consolidation	20

The carrying values of goodwill are reviewed annually for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Notes to the consolidated financial statements (continued)

1. Principal accounting policies (continued)

Tangible fixed assets

Tangible fixed assets are stated at their purchase cost, net of depreciation and any provision for impairment.

Depreciation is calculated so as to write off the costs of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are as follows:

	%
Leasehold improvements	10
Plant and machinery	10 – 25
Computer equipment	25 – 50
Fixtures and fittings	25
Motor vehicles	25

The cost of freehold land is not depreciated.

Investments

Fixed asset investments are stated at cost less provision for permanent diminution in value.

Foreign currencies

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

Stocks

Stocks are stated at the lower cost and net realisable value.

Research and development

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the Company is expected to benefit.

Related party information

On the basis that 100% of the Company's voting rights are controlled within the group of companies of which it is a member, the Company has taken advantage of the exemption not to disclose transactions with entities that are part of the group or investees of the group qualifying as related parties.

Deferred taxation

Deferred taxation is stated on a full liability basis on all timing differences that have originated but not reversed by the balance sheet date. Deferred tax assets are not recognised in the consolidated financial statements.

Notes to the consolidated financial statements (continued)

2. Turnover

No analysis of turnover by activity or geographical area has been provided as in the opinion of the directors such disclosure would be seriously prejudicial to the interests of the Company.

3. Net operating expenses

	2011 £	2010 £
Administrative expenses	<u>1,993,616</u>	<u>1,373,881</u>

4. Directors' emoluments

	2011 £	2010 £
Salary and other benefits in kind	<u>156,306</u>	<u>220,304</u>

5. Employees

The average number of persons (including executive directors) employed by the Group during the year was:

	2011 Number	2010 Number
By activity		
Administration	18	17
Sales	3	2
Production	<u>20</u>	<u>12</u>
	<u>41</u>	<u>31</u>
	£	£
Staff costs (for the above persons)		
Wages and salaries	952,643	617,520
Social security costs	136,096	94,305
Other pension costs	<u>400,000</u>	<u>100,000</u>
	<u>1,488,739</u>	<u>811,825</u>

6. Interest payable and similar charges

	2011 £	2010 £
On bank overdrafts and loans:		
Repayable in instalments within five years	84,173	16,077
Other interest	<u>13,513</u>	<u>5,561</u>
	<u>97,686</u>	<u>21,638</u>

Notes to the consolidated financial statements (continued)

7. Profit/(loss) on ordinary activities before taxation

	2011 £	2010 £
Profit/(loss) on ordinary activities before taxation is stated after charging:		
Auditors' remuneration	9,100	13,500
Depreciation of tangible fixed assets	30,788	45,317
Amortisation of intangible fixed assets	<u>424,308</u>	<u>424,305</u>
And after crediting:		
Investment income	<u>25,263</u>	<u>2,586</u>

8. Taxation

(a) Analysis of the charge for the year

	2011 £	2010 £
Corporation tax		
UK corporation tax on the profit/(loss) for the year	282,165	192,767
Adjustments in respect of prior years	-	(6,524)
Total corporation tax	<u>282,165</u>	<u>186,243</u>
Deferred tax		
Origination and reversal of timing differences	-	-
Adjustments in respect of prior years	-	-
Total deferred tax	<u>-</u>	<u>-</u>
Total tax charge	<u>282,165</u>	<u>186,243</u>

(b) Factors affecting the tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the United Kingdom (26%). The difference is explained as follows:

	2011 £	2010 £
Profit/(loss) on ordinary activities before taxation	<u>1,241,266</u>	<u>675,725</u>
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 26% (2010: 28%)	322,729	189,203
Effects of:		
Capital allowances for the year in excess of depreciation	2,760	6,446
Expenses not deductible for tax purposes	111,524	120,108
Research and development tax allowance	(163,846)	(120,411)
Marginal relief	-	(2,579)
Change in corporation tax rate	8,998	-
	<u>282,165</u>	<u>192,767</u>

Notes to the consolidated financial statements (continued)

9. Profit/(loss) for the financial year

Aghareany Limited has not presented its own profit and loss account as permitted by Section 408 of the Companies Act 2006. The amount of consolidated profit for the financial year dealt with in the accounts of the holding company is **£59,398** (2010: £340,538).

10. Dividend

	2011 £	2010 £
Ordinary dividend		
First interim dividend of £Nil (2010:£Nil) per Ordinary £1 Share	-	-
	-	-

11. Intangible fixed assets

Group	Goodwill arising on consolidation £
Cost	
At 1 August 2010	2,121,528
Additions	-
Disposals	-
At 31 July 2011	2,121,528
Amortisation	
At 1 August 2010	1,697,220
Charge for the year	424,308
Disposals	-
At 31 July 2011	2,121,528
Net book value	
At 31 July 2011	-
At 31 July 2010	424,308

Goodwill arising on consolidation consists solely of goodwill arising on the purchase of the share capital of Strickland Tracks Limited, a Company registered in England and Wales, on 9 December 1997.

Company

The Company had no intangible fixed assets at the 31 July 2011 or the 31 July 2010.

Notes to the consolidated financial statements (continued)

12. Tangible fixed assets

Group	Leasehold improvements	Plant & machinery	Computer equipment	Fixtures & fittings	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 August 2010	42,125	294,860	95,138	49,507	3,500	485,130
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
At 31 July 2011	42,125	294,860	95,138	49,507	3,500	485,130
Depreciation						
At 1 August 2010	31,384	225,514	94,987	45,240	1,480	398,605
Charge for the year	2,554	24,006	150	3,203	875	30,788
Disposals	-	-	-	-	-	-
At 31 July 2011	33,938	249,520	95,137	48,443	2,355	429,393
Net book value						
At 31 July 2011	8,187	45,340	1	1,064	1,145	55,737
At 31 July 2010	10,741	69,346	151	4,267	2,020	86,525

Company

The Company had no tangible fixed assets at 31 July 2011 or the 31 July 2010.

13. Fixed assets investments

Group

The Group had no fixed asset investment at 31 July 2011 or 31 July 2010.

Company

	Interests in group undertakings £
Cost	
At 1 August 2010	3,097,028
Additions	-
At 31 July 2011	3,097,028
Depreciation	
At 1 August 2010	-
Charge for the year	-
At 31 July 2011	-
Net book value	
At 31 July 2011	3,097,028
At 31 July 2010	3,097,028

Notes to the consolidated financial statements (continued)

13. Fixed assets investments (continued)

Investments do not include any investments listed on a recognised stock exchange.

Interests in group undertakings

Interest in Group undertakings are analysed as follows:

Name of undertaking	Country of incorporation or registration	Description of shares held	Proportion of nominal value of issued shares held	
			Group %	Company %
Strickland Tracks Limited	Great Britain	Ordinary £1 Shares	100	100

The principal activity of the above Company is the manufacture and sale of crawler track systems.

The above Company operated principally in its country of incorporation.

14. Stocks

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Raw materials	4,761,418	2,965,015	-	-
Finished goods	701,483	1,234,274	-	-
	<u>5,462,901</u>	<u>4,199,289</u>	<u>-</u>	<u>-</u>

There is no material difference in the replacement costs of stock and their balance sheet amounts.

Notes to the consolidated financial statements (continued)

15. Debtors

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Amounts falling due within one year				
Trade debtors	9,769,888	7,607,957	-	-
Prepayments	39,640	28,977	-	-
Other debtors	7,500	-	-	-
Owed by directors (note 25)	13,002	-	-	-
Owed by related undertakings (note 24)	63,976	26,127	10,500	-
	9,894,006	7,663,061	10,500	-
Amounts falling due after one year				
Owed by group undertakings (note 24)	-	-	175,240	838,036
Owed by related undertakings (note 24)	669,603	1,627,787	-	-
	669,603	1,627,787	175,240	838,036
	10,563,609	9,290,848	185,740	838,036

16. Creditors: amounts falling due within one year

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Bank overdraft	-	145,590	-	-
Commercial finance	5,611,568	2,502,854	-	-
Trade creditors	4,741,734	5,681,838	-	-
Corporation tax	182,165	390,029	15,472	497,683
Owed to related undertakings (note 24)	542,335	1,154,681	392,375	17,375
Value added taxes payable	357,820	72,487	-	-
Payroll taxes	45,540	38,659	-	-
Accruals and deferred income	1,443,855	974,716	616,600	459,100
Other creditors	125,975	52,929	-	-
	13,050,992	11,013,783	1,024,447	974,158

17. Creditors: amounts falling due after one year

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Owed to related undertakings (note 24)	169,431	169,431	169,431	169,431
	169,431	169,431	169,431	169,431

Bank overdrafts and commercial finance are secured by a debenture incorporating fixed and floating charges over the Group's property and assets.

Notes to the consolidated financial statements (continued)

18. Provisions for liabilities

Deferred taxation

Deferred taxation provided in the financial statements is analysed as follows:

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Tax effect of timing differences because of:				
Accelerated capital allowances	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Movement in the provision during the year

	Group	Company
	£	£
At 1 August 2010	-	-
Transfer from/(to) the profit and loss account (note 8)	-	-
At 31 July 2011	<u>-</u>	<u>-</u>

Based on tax losses and other timing differences there is a deferred tax asset of **£12,117** (2010: £9,675) that has not been recognised in the consolidated financial statements.

19. Called up share capital

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Allotted, called up and fully paid 500 Ordinary Shares of £0.01 each	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>

20. Reserves

	Group		Company	
	Share premium account	Profit and loss account	Share premium account	Profit and loss account
	£	£	£	£
At 1 August 2010	999,995	3,242,718	999,995	2,394,283
Profit/(loss) for the year	-	959,101	-	59,398
Equity dividends paid (note 10)	-	-	-	-
At 31 July 2011	<u>999,995</u>	<u>4,201,819</u>	<u>999,995</u>	<u>2,453,681</u>

Notes to the consolidated financial statements (continued)

21. Reconciliation of the movement in equity shareholders' funds

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Opening shareholders' funds	4,242,718	3,753,236	3,394,283	3,053,745
Profit/(loss) for the year	959,101	489,482	59,398	340,538
Equity dividends paid (note 10)	-	-	-	-
Closing shareholders' funds	<u>5,201,819</u>	<u>4,242,718</u>	<u>3,453,681</u>	<u>3,394,283</u>

22. Contingent liabilities

Warranty

The Group provides for warranty claims on its products, depending on the type of product/component. The warranty period on some components can extend up to one year. Provision has been made for warranty costs based on actual and anticipated claims.

VAT

The Company and Group are included within a group VAT registration scheme. As such the Company and Group are jointly and severally liable for the amounts owed by the other companies at the balance sheet date. At the balance sheet date this amounted to £441,925 (2010: £136,099).

Other

The Company and Group had no contingent liabilities at 31 July 2011 or at 31 July 2010.

23. Capital commitments

There were no capital commitments at 31 July 2011 or at 31 July 2010.

24. Related party transactions

Group undertakings

The Group and Company has taken advantage of the exemption under Financial Reporting Standard No. 8 "Related Party Transactions" not to disclose transactions with entities that are part of the Group.

Related undertakings

Carmont Limited, a company established in Northern Ireland, Annaghbeg Limited, a company established in Northern Ireland, Strickland Direct Limited, a company established in England and Wales, Togher Estates Limited, a company established in England and Wales, Ballyliffan Limited, a company established in Northern Ireland, Acker Developments Limited, a company established in Northern Ireland and Mid-Ulster Reproductions Limited, a company established in Northern Ireland are considered to be related parties as defined by Financial Reporting Standard No 8 "Related Party Transactions" on the basis that all of these companies are under common control.

Notes to the consolidated financial statements (continued)

25. Related party transactions (continued)

The transactions during the year with these related undertakings and the amount owed by/(to) these undertakings at the start and end of the year are analysed as follows:

Related undertaking	At 1 August 2010 £	Loan advances/ (repayments) £	Amounts written off £	At 31 July 2011 £
Carmont Limited	1,458,356	(958,184)	-	500,172
Annaghbeg Limited	(167,335)	-	-	(167,335)
Strickland Direct Limited	(987,346)	987,346	-	-
Togher Estates Limited	2,537	-	-	2,537
Mid-Ulster Reproductions Limited	23,590	27,349	-	50,939
Ballyliffan Limited	-	10,500	-	10,500
Acker Developments Limited	-	(375,000)	-	(375,000)
	<u>329,802</u>	<u>(307,989)</u>	<u>-</u>	<u>21,813</u>

26. Transactions with directors

	Aidan O'Neill £	Martin O'Neill £	Chris Hopcroft £
At 1 August 2010	-	-	-
Plus:			
Interest charged	279	-	-
Loans made in the year	<u>13,898</u>	<u>-</u>	<u>-</u>
	14,177	-	-
Less:			
Cash introduced	<u>-</u>	<u>(1,076)</u>	<u>(99)</u>
At July 2011	<u>14,177</u>	<u>(1,076)</u>	<u>(99)</u>

27. Ultimate controlling party

The ultimate controlling party is Pat O'Neill, who holds 85 % of the Company's equity share capital.