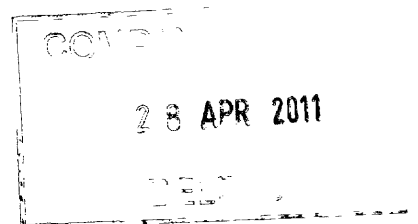


# **Aghareany Limited**

## **Directors' report and consolidated financial statements for the year ended 31 July 2010**

Registration No NI 60161 (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 2010

### **Principal activities**

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

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

### **Review of business and future developments**

Both the level of business and the year end financial position were 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

#### **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

### **Key performance indicators**

The Company'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

## **Directors' report (continued)**

### **Dividends and transfers to reserves**

The directors do not recommend the payment of a dividend in respect of the year ended 31 July 2010. The profit for the year has been transferred to reserves.

### **Directors**

The directors of the Company at 31 July 2010, who have all been directors for the whole of the year ended on that date, except as noted below, are listed on page 1.

| <b>Name</b>      | <b>Appointment date</b> |
|------------------|-------------------------|
| Paul O'Neill     | 1 June 2010             |
| Mary Turkington  | 1 June 2010             |
| Olive McCluggage | 1 June 2010             |

### **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.

### **Statement of directors' responsibilities**

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 consolidated financial statements for each financial year that give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the profit or loss of the Company and the Group for that year. Under that law the directors have elected to prepare the consolidated financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the consolidated financial statements for the year ended 31 July 2010. The directors also confirm that applicable accounting standards have been followed and that the consolidated financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the consolidated financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Directors' report (continued)**

### **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 2011**

## **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 2010 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 auditors**

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 the consolidated financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). These 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 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 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 Registered Auditors**

**The Diamond Centre  
Market Street  
Magherafelt**

**27 April 2011**

## Consolidated profit and loss account

|                                                                      | Notes  | 2010<br>£           | 2009<br>£   |
|----------------------------------------------------------------------|--------|---------------------|-------------|
| <b>Turnover</b>                                                      | 1, 2   | <b>20,228,196</b>   | 11,519,688  |
| Cost of sales                                                        |        | <b>(18,159,538)</b> | (9,399,475) |
| <b>Gross profit/(loss)</b>                                           |        | <b>2,068,658</b>    | 2,120,213   |
| Net operating expenses                                               | 3      | <b>(1,373,881)</b>  | (751,664)   |
| <b>Operating profit/(loss)</b>                                       |        | <b>694,777</b>      | 1,368,549   |
| Profit/(loss) on disposal of tangible fixed assets                   |        | -                   | (19,963)    |
| Investment income                                                    |        | <b>2,586</b>        | -           |
| <b>Profits/(loss) on ordinary activities before interest payable</b> |        | <b>697,363</b>      | 1,348,586   |
| Interest payable and similar charges                                 | 6      | <b>(21,638)</b>     | (117,443)   |
| <b>Profit/(loss) on ordinary activities before taxation</b>          | 7      | <b>675,725</b>      | 1,231,143   |
| Taxation                                                             | 8      | <b>(186,243)</b>    | (388,040)   |
| <b>Profit/(loss) for the year</b>                                    | 20, 21 | <b>489,482</b>      | 843,103     |

All amounts above relate to continuing operations of the Group

The Group has no recognised gains and losses other than the profits/(losses) presented above and therefore no separate 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

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



## Balance sheets

|                                                      | Notes | Group<br>2010     | 2009             | Company<br>2010  | 2009             |
|------------------------------------------------------|-------|-------------------|------------------|------------------|------------------|
|                                                      |       | £                 | £                | £                | £                |
| <b>Fixed assets</b>                                  |       |                   |                  |                  |                  |
| Intangible fixed assets                              | 11    | 424,308           | 848,613          | -                | -                |
| Tangible fixed assets                                | 12    | 86,525            | 131,842          | -                | -                |
| Investments                                          | 13    | -                 | -                | 3,097,028        | 3,097,028        |
|                                                      |       | <b>510,833</b>    | <b>980,455</b>   | <b>3,097,028</b> | <b>3,097,028</b> |
| <b>Current assets</b>                                |       |                   |                  |                  |                  |
| Stock                                                | 14    | 4,199,289         | 3,840,243        | -                | -                |
| Debtor                                               | 15    | 9,290,848         | 4,111,980        | 838,036          | 775,449          |
| Cash at bank                                         |       | 1,424,962         | 204,093          | 602,808          | 247              |
|                                                      |       | <b>14,915,099</b> | <b>8,156,316</b> | <b>1,440,844</b> | <b>775,696</b>   |
| <b>Creditors amounts falling due within one year</b> | 16    | <b>11,013,783</b> | <b>5,383,535</b> | <b>974,158</b>   | <b>649,548</b>   |
| <b>Net current assets/(liabilities)</b>              |       | <b>3,901,316</b>  | <b>2,772,781</b> | <b>466,686</b>   | <b>126,148</b>   |
| <b>Total assets less current liabilities</b>         |       | <b>4,412,149</b>  | <b>3,753,236</b> | <b>3,563,714</b> | <b>3,223,176</b> |
| <b>Creditors amounts falling due after one year</b>  | 17    | <b>169,431</b>    | <b>-</b>         | <b>169,431</b>   | <b>169,431</b>   |
| <b>Provisions for liabilities</b>                    | 18    | <b>-</b>          | <b>-</b>         | <b>-</b>         | <b>-</b>         |
|                                                      |       | <b>169,431</b>    | <b>-</b>         | <b>169,431</b>   | <b>169,431</b>   |
| <b>Net assets</b>                                    |       | <b>4,242,718</b>  | <b>3,753,236</b> | <b>3,394,283</b> | <b>3,053,745</b> |
| <b>Capital and reserves</b>                          |       |                   |                  |                  |                  |
| 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    | 3,242,718         | 2,753,236        | 2,394,283        | 2,053,745        |
| <b>Total equity shareholders' funds</b>              | 21    | <b>4,242,718</b>  | <b>3,753,236</b> | <b>3,394,283</b> | <b>3,053,745</b> |

The consolidated financial statements on pages 7 to 21 were approved and authorised for issue by the Board of Directors on 27 April 2011 and were signed on its behalf by



**Martin O'Neill**

**Director**

**Registration Number NI 60161**

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

## Consolidated cash flow statement for the year ended 31 July 2010

|                                                                      | 2010<br>£          | 2009<br>£        |
|----------------------------------------------------------------------|--------------------|------------------|
| <b>Net cash inflow/(outflow) from operating activities (page 10)</b> | <b>(811,522)</b>   | <b>5,734,828</b> |
| <b>Returns on investments and servicing of finance</b>               |                    |                  |
| Interest paid                                                        | (21,638)           | (117,443)        |
| Interest received                                                    | 2,586              | -                |
|                                                                      | <b>(19,052)</b>    | <b>(117,443)</b> |
| <b>Taxation</b>                                                      | <b>(366,811)</b>   | <b>(351,624)</b> |
| <b>Capital expenditure</b>                                           |                    |                  |
| Purchase of tangible fixed assets                                    | -                  | (3,500)          |
| Proceeds on sale of tangible fixed assets                            | -                  | 870              |
| <b>Net cash outflow for capital expenditure</b>                      | <b>-</b>           | <b>(2,630)</b>   |
| <b>Financing</b>                                                     |                    |                  |
| Bank loan repayment                                                  | -                  | (712,617)        |
| <b>Net cash outflow for financing</b>                                | <b>-</b>           | <b>(712,617)</b> |
| <b>Increase/(decrease) in cash and cash equivalents</b>              | <b>(1,197,385)</b> | <b>4,550,514</b> |

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

## Consolidated cash flow statement for the year ended 31 July 2010

### Reconciliation of operating profit to net cash inflow from operating activities

|                                                                       | 2010<br>£        | 2009<br>£        |
|-----------------------------------------------------------------------|------------------|------------------|
| Operating profit (page 7)                                             | 694,777          | 1,368,549        |
| Depreciation of tangible fixed assets                                 | 45,317           | 48,601           |
| Amortisation of intangible fixed assets                               | 424,305          | 424,305          |
| (Increase)/decrease in stocks                                         | (359,046)        | (178,736)        |
| (Increase)/decrease in trade debtors                                  | (5,254,124)      | 4,577,095        |
| (Increase)/decrease in trade creditors                                | 2,434,312        | (428,681)        |
| (Increase)/decrease in other debtors and prepayments                  | 299,313          | (294,819)        |
| (Increase)/decrease in related party debt                             | 310,630          | 237,118          |
| Increase/(decrease) in other creditors and accruals                   | 573,785          | (48,782)         |
| Increase/(decrease) in other taxation and social security             | 19,209           | 30,178           |
| <b>Net cash inflow/(outflow) from continuing operating activities</b> | <b>(811,522)</b> | <b>5,734,828</b> |

### Analysis of changes in net debt

|                        | 2010<br>£          | 2009<br>£       |
|------------------------|--------------------|-----------------|
| Opening balance        | (26,097)           | (4,576,611)     |
| Net cash flow          | (1,197,385)        | 4,550,514       |
| <b>Closing balance</b> | <b>(1,223,482)</b> | <b>(26,097)</b> |

|                             | 2010<br>£          | 2009<br>£       | Change in<br>the year<br>£ |
|-----------------------------|--------------------|-----------------|----------------------------|
| <b>Analysis of balances</b> |                    |                 |                            |
| Cash at bank and in hand    | 1,424,962          | 204,093         | 1,220,869                  |
| Bank overdraft              | (145,590)          | (196,323)       | 50,733                     |
| Commercial finance          | (2,502,854)        | (33,867)        | (2,468,987)                |
|                             | <b>(1,223,482)</b> | <b>(26,097)</b> | <b>(1,197,385)</b>         |

|                                         | Bank<br>loans<br>£ |
|-----------------------------------------|--------------------|
| <b>Analysis of changes in financing</b> |                    |
| At 1 August 2009                        | -                  |
| Loan repayments                         | -                  |
| <b>At 31 July 2010</b>                  | <b>-</b>           |

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)

### *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

|                         | 2010<br>£        | 2009<br>£      |
|-------------------------|------------------|----------------|
| Administrative expenses | <u>1,373,881</u> | <u>751,664</u> |

### 4. Directors' emoluments

|                                   | 2010<br>£      | 2009<br>£     |
|-----------------------------------|----------------|---------------|
| Salary and other benefits in kind | <u>220,304</u> | <u>74,009</u> |

### 5. Employees

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

|                                            | 2010<br>Number | 2009<br>Number |
|--------------------------------------------|----------------|----------------|
| <b>By activity</b>                         |                |                |
| Administration                             | 17             | 11             |
| Sales                                      | 2              | 3              |
| Production                                 | <u>12</u>      | <u>12</u>      |
|                                            | <u>31</u>      | <u>26</u>      |
|                                            | £              | £              |
| <b>Staff costs (for the above persons)</b> |                |                |
| Wages and salaries                         | 617,520        | 596,444        |
| Social security costs                      | 94,305         | 76,345         |
| Other pension costs                        | <u>100,000</u> | <u>-</u>       |
|                                            | <u>811,825</u> | <u>672,789</u> |

### 6. Interest payable and similar charges

|                                            | 2010<br>£     | 2009<br>£      |
|--------------------------------------------|---------------|----------------|
| <b>On bank overdrafts and loans</b>        |               |                |
| Repayable in instalments within five years | 16,077        | 115,255        |
| Other interest                             | <u>5,561</u>  | <u>2,188</u>   |
|                                            | <u>21,638</u> | <u>117,443</u> |

## Notes to the consolidated financial statements (continued)

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

|                                                                                      | 2010<br>£ | 2009<br>£ |
|--------------------------------------------------------------------------------------|-----------|-----------|
| <b>Profit/(loss) on ordinary activities before taxation is stated after charging</b> |           |           |
| Auditors' remuneration                                                               | 13,500    | 12,004    |
| Depreciation of tangible fixed assets                                                | 45,317    | 48,601    |
| Amortisation of intangible fixed assets                                              | 424,305   | 424,305   |
| Loss on disposal of tangible fixed assets                                            | -         | 19,963    |
| <b>And after crediting</b>                                                           |           |           |
| Investment income                                                                    | 2,586     | -         |

### 8. Taxation

#### (a) Analysis of the charge for the year

|                                                      | 2010<br>£      | 2009<br>£      |
|------------------------------------------------------|----------------|----------------|
| <b>Corporation tax</b>                               |                |                |
| UK corporation tax on the profit/(loss) for the year | 192,767        | 397,309        |
| Adjustments in respect of prior years                | (6,524)        | -              |
| <b>Total corporation tax</b>                         | <b>186,243</b> | <b>397,309</b> |
| <b>Deferred tax</b>                                  |                |                |
| Origination and reversal of timing differences       | -              | (8,681)        |
| Adjustments in respect of prior years                | -              | (588)          |
| <b>Total deferred tax</b>                            | <b>-</b>       | <b>(9,269)</b> |
| <b>Total tax charge</b>                              | <b>186,243</b> | <b>388,040</b> |

#### (b) Factors affecting the tax charge for the year

The tax assessed for the year is higher than the standard rate of corporation tax in the United Kingdom (28%). The difference is explained as follows

|                                                                                                                     | 2010<br>£      | 2009<br>£      |
|---------------------------------------------------------------------------------------------------------------------|----------------|----------------|
| Profit/(loss) on ordinary activities before taxation                                                                | 675,725        | 1,231,143      |
| Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2009 28%) | 189,203        | 344,720        |
| <b>Effects of</b>                                                                                                   |                |                |
| Capital allowances for the year in excess of depreciation                                                           | 6,446          | 11,340         |
| Expenses not deductible for tax purposes                                                                            | 120,108        | 136,471        |
| Research and development tax allowance                                                                              | (120,411)      | (95,222)       |
| Marginal relief                                                                                                     | (2,579)        | -              |
|                                                                                                                     | <b>192,767</b> | <b>397,309</b> |

## 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 **£340,538** (2009 £1,432,473)

### 10. Dividend

|                                                                  | 2010<br>£ | 2009<br>£ |
|------------------------------------------------------------------|-----------|-----------|
| <b>Ordinary dividend</b>                                         |           |           |
| First interim dividend of £Nil (2009 £Nil) per Ordinary £1 Share | -         | -         |
|                                                                  | <u>-</u>  | <u>-</u>  |

### 11. Intangible fixed assets

| Group                  | Goodwill<br>arising on<br>consolidation<br>£ |
|------------------------|----------------------------------------------|
| <b>Cost</b>            |                                              |
| At 1 August 2009       | 2,121,528                                    |
| Additions              | -                                            |
| Disposals              | -                                            |
| <b>At 31 July 2010</b> | <b><u>2,121,528</u></b>                      |
| <b>Amortisation</b>    |                                              |
| At 1 August 2009       | 1,272,915                                    |
| Charge for the year    | 424,305                                      |
| Disposals              | -                                            |
| <b>At 31 July 2010</b> | <b><u>1,697,220</u></b>                      |
| <b>Net book value</b>  |                                              |
| <b>At 31 July 2010</b> | <b><u>424,308</u></b>                        |
| At 31 July 2009        | <u>848,613</u>                               |

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 2010 or the 31 July 2009

## Notes to the consolidated financial statements (continued)

### 12. Tangible fixed assets

| Group                  | Long leasehold property | Plant & machinery | Computer equipment | Fixtures & fittings | Motor vehicles | Total          |
|------------------------|-------------------------|-------------------|--------------------|---------------------|----------------|----------------|
|                        | £                       | £                 | £                  | £                   | £              | £              |
| <b>Cost</b>            |                         |                   |                    |                     |                |                |
| At 1 August 2009       | 42,125                  | 294,860           | 95,138             | 49,507              | 3,500          | 485,130        |
| Additions              | -                       | -                 | -                  | -                   | -              | -              |
| Disposals              | -                       | -                 | -                  | -                   | -              | -              |
| <b>At 31 July 2010</b> | <b>42,125</b>           | <b>294,860</b>    | <b>95,138</b>      | <b>49,507</b>       | <b>3,500</b>   | <b>485,130</b> |
| <b>Depreciation</b>    |                         |                   |                    |                     |                |                |
| At 1 August 2009       | 28,830                  | 195,313           | 88,271             | 40,269              | 605            | 353,288        |
| Charge for the year    | 2,554                   | 30,201            | 6,716              | 4,971               | 875            | 45,317         |
| Disposals              | -                       | -                 | -                  | -                   | -              | -              |
| <b>At 31 July 2010</b> | <b>31,384</b>           | <b>225,514</b>    | <b>94,987</b>      | <b>45,240</b>       | <b>1,480</b>   | <b>398,605</b> |
| <b>Net book value</b>  |                         |                   |                    |                     |                |                |
| <b>At 31 July 2010</b> | <b>10,741</b>           | <b>69,346</b>     | <b>151</b>         | <b>4,267</b>        | <b>2,020</b>   | <b>86,525</b>  |
| At 31 July 2009        | 13,295                  | 99,547            | 6,867              | 9,238               | 2,895          | 131,842        |

The net book value of tangible fixed assets includes an amount of £Nil (2009 £Nil) in respect of assets held under hire purchase contracts

#### Company

The Company has no tangible fixed assets at 31 July 2010 or the 31 July 2009

### 13. Fixed assets investments

#### Group

The Group had no fixed asset investment at 31 July 2010 or 31 July 2009

#### Company

|                        | Interests in group undertakings |
|------------------------|---------------------------------|
|                        | £                               |
| <b>Cost</b>            |                                 |
| At 1 August 2009       | 3,097,028                       |
| Additions              | -                               |
| <b>At 31 July 2010</b> | <b>3,097,028</b>                |
| <b>Depreciation</b>    |                                 |
| At 1 August 2009       | -                               |
| Charge for the year    | -                               |
| <b>At 31 July 2010</b> | <b>-</b>                        |
| <b>Net book value</b>  |                                 |
| <b>At 31 July 2010</b> | <b>3,097,028</b>                |
| At 31 July 2009        | 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  |          |
|----------------|------------------|------------------|----------|----------|
|                | 2010             | 2009             | 2010     | 2009     |
|                | £                | £                | £        | £        |
| Raw materials  | 2,965,015        | 3,229,006        | -        | -        |
| Finished goods | 1,234,274        | 611,237          | -        | -        |
|                | <u>4,199,289</u> | <u>3,840,243</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        |                |
|--------------------------------------------|------------------|------------------|----------------|----------------|
|                                            | 2010             | 2009             | 2010           | 2009           |
|                                            | £                | £                | £              | £              |
| <b>Amounts falling due within one year</b> |                  |                  |                |                |
| Trade debtors                              | 7,607,957        | 2,353,833        | -              | -              |
| Prepayments                                | 28,977           | 28,291           | -              | -              |
| Other debtors                              | -                | 300,000          | -              | -              |
| Owed by related undertakings (note 24)     | 26,127           | -                | -              | -              |
|                                            | <u>7,663,061</u> | <u>2,682,124</u> | <u>-</u>       | <u>-</u>       |
| <b>Amounts falling due after one year</b>  |                  |                  |                |                |
| Owed by group undertakings (note 24)       | -                | -                | 838,036        | 775,449        |
| Owed by related undertakings (note 24)     | 1,627,787        | 1,429,856        | -              | -              |
|                                            | <u>1,627,787</u> | <u>1,429,856</u> | <u>838,036</u> | <u>775,449</u> |
|                                            | <u>9,290,848</u> | <u>4,111,980</u> | <u>838,036</u> | <u>775,449</u> |

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

|                                        | Group             |                  | Company        |                |
|----------------------------------------|-------------------|------------------|----------------|----------------|
|                                        | 2010              | 2009             | 2010           | 2009           |
|                                        | £                 | £                | £              | £              |
| Bank overdraft                         | 145,590           | 196,323          | -              | -              |
| Commercial finance                     | 2,502,854         | 33,867           | -              | -              |
| Trade creditors                        | 5,681,838         | 3,247,526        | -              | -              |
| Corporation tax                        | 390,029           | 570,598          | 497,683        | 600,573        |
| Owed to directors                      | -                 | 164,461          | -              | 17,375         |
| Owed to related undertakings (note 24) | 1,154,681         | 624,963          | 17,375         | -              |
| VAT payable                            | 72,487            | 62,623           | -              | -              |
| Payroll taxes                          | 38,659            | 19,450           | -              | -              |
| Accruals and deferred income           | 974,716           | 463,724          | 459,100        | 31,600         |
| Other creditors                        | 52,929            | -                | -              | -              |
|                                        | <u>11,013,783</u> | <u>5,383,535</u> | <u>974,158</u> | <u>649,548</u> |

### 17. Creditors: amounts falling due after one year

|                                        | Group          |          | Company        |                |
|----------------------------------------|----------------|----------|----------------|----------------|
|                                        | 2010           | 2009     | 2010           | 2009           |
|                                        | £              | £        | £              | £              |
| Owed to related undertakings (note 24) | 169,431        | -        | 169,431        | 169,431        |
|                                        | <u>169,431</u> | <u>-</u> | <u>169,431</u> | <u>169,431</u> |

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 |      |
|----------------------------------------------------------------------------|-------|------|---------|------|
|                                                                            | 2010  | 2009 | 2010    | 2009 |
|                                                                            | £     | £    | £       | £    |
| Tax effect of timing differences because of Accelerated capital allowances | -     | -    | -       | -    |
|                                                                            | -     | -    | -       | -    |

#### Movement in the provision during the year

|                                                         | Group | Company |
|---------------------------------------------------------|-------|---------|
|                                                         | £     | £       |
| At 1 August 2009                                        | -     | -       |
| Transfer from/(to) the profit and loss account (note 8) | -     | -       |
| At 31 July 2010                                         | -     | -       |

Based on tax losses and other timing differences there is a deferred tax asset of **£8,342** (2009 £2,660) that has not been recognised in the consolidated financial statements

### 19. Called up share capital

|                                                                    | Group |      | Company |      |
|--------------------------------------------------------------------|-------|------|---------|------|
|                                                                    | 2010  | 2009 | 2010    | 2009 |
|                                                                    | £     | £    | £       | £    |
| Allotted, called up and fully paid<br>5 Ordinary Shares of £1 each | 5     | 5    | 5       | 5    |

### 20. Reserves

|                                 | Group                 |                         | Company               |                         |
|---------------------------------|-----------------------|-------------------------|-----------------------|-------------------------|
|                                 | Share premium account | Profit and loss account | Share premium account | Profit and loss account |
|                                 | £                     | £                       | £                     | £                       |
| At 1 August 2009                | 999,995               | 2,753,236               | 999,995               | 2,053,745               |
| Profit/(loss) for the year      | -                     | 489,482                 | -                     | 340,538                 |
| Equity dividends paid (note 10) | -                     | -                       | -                     | -                       |
| At 31 July 2010                 | 999,995               | 3,242,718               | 999,995               | 2,394,283               |

## Notes to the consolidated financial statements (continued)

### 21. Reconciliation of the movement in equity shareholders' funds

|                                    | Group            |                  | Company          |                  |
|------------------------------------|------------------|------------------|------------------|------------------|
|                                    | 2010             | 2009             | 2010             | 2009             |
|                                    | £                | £                | £                | £                |
| Opening shareholders' funds        | 3,753,236        | 2,910,133        | 3,053,745        | 1,621,272        |
| Profit/(loss) for the year         | 489,482          | 843,103          | 340,538          | 1,432,473        |
| Equity dividends paid (note 10)    | -                | -                | -                | -                |
| <b>Closing shareholders' funds</b> | <b>4,242,718</b> | <b>3,753,236</b> | <b>3,394,283</b> | <b>3,053,745</b> |

### 22. Contingent liabilities

There were no contingent liabilities at 31 July 2010 or at 31 July 2009

### 23. Capital commitments

There were no capital commitments at 31 July 2010 or at 31 July 2009

### 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, Valpar Industrial 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

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 2009 | Loan advances/ (repayments) | Amounts written off | At 31 July 2010 |
|----------------------------------|------------------|-----------------------------|---------------------|-----------------|
|                                  | £                | £                           | £                   | £               |
| Carmont Limited                  | 1,429,857        | 28,499                      | -                   | 1,458,356       |
| Annaghbeg Limited                | (18,500)         | (148,835)                   | -                   | (167,335)       |
| Strickland Direct Limited        | (606,321)        | (381,025)                   | -                   | (987,346)       |
| Togher Estates Limited           | -                | 2,537                       | -                   | 2,537           |
| Valpar Industrial Limited        | (142)            | 142                         | -                   | -               |
| Mid-Ulster Reproductions Limited | -                | 23,590                      | -                   | 23,590          |
|                                  | <u>804,894</u>   | <u>(475,092)</u>            | <u>-</u>            | <u>329,802</u>  |



## **Notes to the consolidated financial statements (continued)**

### **25. Ultimate controlling party**

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