

Aardvark Clear Mine Limited

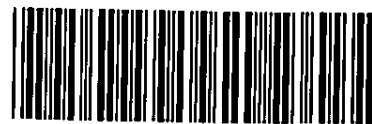
Report and Financial Statements

Year Ended

31 March 2011

Company Number SC080167

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Aardvark Clear Mine Limited

Report and financial statements for the year ended 31 March 2011

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Directors

B S Findlay
A E Smith
A Rodgers
W A Faerestrland
P C Cort

Secretary and registered office

A Rodgers, Heathhall, Dumfries, DG1 3NY

Company number

SC080167

Auditors

BDO LLP, 4 Atlantic Quay, 70 York Street, Glasgow, G2 8JX

Aardvark Clear Mine Limited

Report of the directors for the year ended 31 March 2011

The directors present their report together with the audited financial statements for the year ended 31 March 2011.

Results and dividends

The profit and loss account is set out on page 6 and shows the loss for the year.

Principal activities and review of the business

The company's principal activities during the year were sales and marketing of Aardvark Area Mine Clearance system and the provision of integrated logistics and project support to the systems in use.

The company has delivered creditable performance in a year where focus has been on substantial development, trials and testing of both new products in the range and significant evolution of our core product, the Aardvark Area Mine Clearance System. Customer service and field support have contributed strongly, and play an increasingly significant part in our market offering.

The Company continues to maintain positive cash-flows, combined with low levels of borrowing. We enjoy strong ongoing support from our Bankers.

Key performance indicators

The Company's key performance indicators are contribution, margin, overheads and operating cash flow. These measures are compared to the levels budgeted and forecast on a monthly basis at the Company's board meeting.

Principal risks and uncertainties

The most significant risk for our business is the ongoing Economic constraint on Government spending, particularly in the UK. In addition Supply-Chain risks from UK Vendors, where general levels of business have reduced substantially, are expected to remain for some time. The business takes action to minimize this risk through active Vendor Management and Development.

Post balance sheet events

There have been no events since the balance sheet date which materially affect the company.

Research and development

The company undertakes research and development specific to the key strategic requirements of our business. We engage with technology specialists and academia in the furtherance of this work.

The company does not invest in speculative research and development activities that are not in line with its current strategy.

Future developments

The Directors will continue to seek opportunities to offer new products and services to global markets, including turnkey mine clearing services, design of innovative equipment integration for OEMS and the introduction of new technologies to the mine clearing sector.

Aardvark Clear Mine Limited

Report of the directors for the year ended 31 March 2011 (*continued*)

Directors

The directors of the company during the year were:

B S Findlay
A E Smith
A Rodgers
W A Faerestrland
P C Cort

Directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Aardvark Clear Mine Limited

Report of the directors for the year ended 31 March 2011 (*continued*)

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

On behalf of the board

A handwritten signature in black ink, consisting of a large, stylized loop followed by a horizontal line extending to the right.

A Rodgers
Director
29 September 2011

Aardvark Clear Mine Limited

Independent auditor's report

To the members of Aardvark Clear Mine Limited

We have audited the financial statements of Aardvark Clear Mine Limited for the year ended 31 March 2011 which comprise the profit and loss account, the balance sheet 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 opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2011 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Aardvark Clear Mine Limited

Independent auditor's report (*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 financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies' regime.



*John Collins (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Glasgow
United Kingdom*

29 September 2011

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Aardvark Clear Mine Limited

Profit and loss account for the year ended 31 March 2011

	Note	2011 £	2010 £
Turnover	2	838,862	1,763,709
Cost of sales		426,853	1,039,295
Gross profit		412,009	724,414
Administrative expenses		491,230	437,670
Operating (loss)/profit	3	(79,221)	286,744
Profit on disposal of fixed assets		-	63,708
(Loss)/profit on ordinary activities before taxation		(79,221)	350,452
Taxation on (loss)/profit on ordinary activities	6	(7,184)	(84,023)
(Loss)/profit on ordinary activities after taxation		(86,405)	266,429

All amounts relate to continuing activities.

All recognised gains and losses in the current and prior year are included in the profit and loss account.

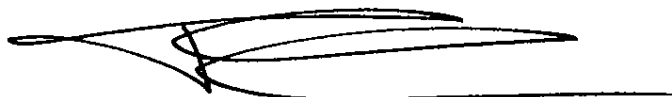
The notes on pages 8 to 15 form part of these financial statements.

Aardvark Clear Mine Limited

Balance sheet at 31 March 2011

<i>Company number SC080167</i>	Note	2011 £	2011 £	2010 £	2010 £
Fixed assets					
Tangible assets	7		900		4,089
Fixed asset investments	8		603		603
			<u>1,503</u>		<u>4,692</u>
Current assets					
Stocks	9	44,039		203,450	
Debtors	10	976,791		1,617,567	
Cash at bank and in hand		2,314,121		1,884,919	
		<u>3,334,951</u>		<u>3,705,936</u>	
Creditors: amounts falling due within one year	11	<u>1,347,550</u>		<u>1,635,319</u>	
Net current assets			<u>1,987,401</u>		<u>2,070,617</u>
Total assets less current liabilities			<u>1,988,904</u>		<u>2,075,309</u>
Capital and reserves					
Called up share capital	12		100		100
Profit and loss account	13		1,988,804		2,075,209
Shareholders' funds	14		<u>1,988,904</u>		<u>2,075,309</u>

The financial statements were approved by the board of directors and authorised for issue on 29 September 2011.



A Rodgers
Director

The notes on pages 8 to 15 form part of these financial statements.

Aardvark Clear Mine Limited

Notes forming part of the financial statements for the year ended 31 March 2011

1 Accounting policies

The financial statements have been prepared under the historical cost convention.

The following principal accounting policies have been applied:

Cash flow statement

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that at least 90% of the voting rights in the company are controlled within the group headed by Penman Engineering Holdings Limited and the company is included in consolidated financial statements.

Depreciation

Depreciation is provided to write off the cost or valuation, less estimated residual values, of all tangible fixed assets evenly over their expected useful lives. It is calculated at the following rates:

Plant and machinery	- 25% per annum
Office equipment	- 25% per annum

Stocks and Work in Progress

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

Long-term contracts are assessed on a contract by contract basis and are reflected in the profit and loss account by recording turnover and related costs as contract activity progresses. Where the outcome of each long-term contract can be assessed with reasonable certainty before its conclusion, the attributable profit is recognised in the profit and loss account as the difference between the reported turnover and related costs for that contract.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Aardvark Clear Mine Limited

Notes forming part of the financial statements
for the year ended 31 March 2011 (*continued*)

2 Turnover

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom.

3 Operating (loss)/profit

	2011 £	2010 £
This is arrived at after charging:		
Depreciation of tangible fixed assets	3,189	8,533
Audit services	1,000	5,000
Non-audit services	1,500	1,250
	<u> </u>	<u> </u>

4 Employees

Staff costs (including directors) consist of:

	2011 £	2010 £
Wages and salaries	236,154	213,573
Social security costs	25,242	22,049
	<u> </u>	<u> </u>
	261,396	235,622
	<u> </u>	<u> </u>

The average number of employees (including directors) during the year was as follows:

	2011 Number	2010 Number
Distribution and manufacture	6	6
Administration	1	1
	<u> </u>	<u> </u>
	7	7
	<u> </u>	<u> </u>

Aardvark Clear Mine Limited

Notes forming part of the financial statements for the year ended 31 March 2011 (*continued*)

5 Directors' remuneration

No director received any emoluments during the current year (2010 - £Nil).

6 Taxation on (loss)/profit on ordinary activities

	2011 £	2010 £
<i>UK Corporation tax</i>		
Current tax on profits of the year	-	83,188
Adjustment in respect of previous periods	9,258	6,517
	<hr/>	<hr/>
Total current tax	9,258	89,705
<i>Deferred tax</i>		
Origination and reversal of timing differences	(2,074)	(5,682)
	<hr/>	<hr/>
Taxation on (loss)/profit on ordinary activities	7,184	84,023
	<hr/>	<hr/>

The tax assessed for the year is higher than/lower than the standard rate of corporation tax in the UK applied to (loss)/profit before tax. The differences are explained below:

	2011 £	2010 £
(Loss)/profit on ordinary activities before tax	(79,221)	350,452
	<hr/>	<hr/>
(Loss)/profit on ordinary activities at the standard rate of corporation tax in the UK of 28.00% (2010 - 28.00%)	(22,182)	98,127
Effect of:		
Disallowed expenses and non qualifying depreciation	266	-
Depreciation for period in excess/(deficit) of capital allowances	88	(16,456)
Marginal relief	-	(1,283)
Adjustment to tax charge in respect of previous periods	9,258	6,517
Other timing differences	(7,000)	2,800
Group relief	28,828	-
	<hr/>	<hr/>
Current tax charge for the year	9,258	89,705
	<hr/>	<hr/>

Aardvark Clear Mine Limited

Notes forming part of the financial statements
for the year ended 31 March 2011 (*continued*)

7 Tangible fixed assets

	Plant and machinery £	Office equipment £	Total £
<i>Cost</i>			
At 1 April 2010 and 31 March 2011	125,265	32,746	158,011
<i>Depreciation</i>			
At 1 April 2010	122,098	31,824	153,922
Provided for the year	2,267	922	3,189
At 31 March 2011	124,365	32,746	157,111
<i>Net book value</i>			
At 31 March 2011	900	-	900
At 31 March 2010	3,167	922	4,089

8 Fixed asset investments

	Group undertakings £
<i>Cost</i>	
At 1 April 2010 and 31 March 2011	603

Subsidiary undertakings, associated undertakings and other investments

The principal undertakings in which the company's interest at the year end is 20% or more are as follows:

	Country of incorporation or registration	Proportion of ordinary share capital held
Aardvark Landmine Clearance Incorporated	USA	100%

Aardvark Clear Mine Limited

Notes forming part of the financial statements
for the year ended 31 March 2011 (continued)

8 Fixed asset investments (continued)

Unless otherwise stated, the following figures have been extracted from audited financial statements for the year ended 31 March 2011:

	Aggregate share capital and reserves		Profit for the year	
	2011	2010	2011	2010
Aardvark Landmine Clearance Incorporated	\$25,626	\$25,626	\$ -	\$26,620

9 Stocks

	2011 £	2010 £
Raw materials and consumables	44,039	113,450
Finished goods	-	90,000
	<u>44,039</u>	<u>203,450</u>

10 Debtors

	2011 £	2010 £
Trade debtors	314,994	802,100
Amounts owed by group undertakings	642,818	752,476
Other debtors	11,223	40,442
Prepayments and accrued income	-	11,367
Withholding tax	-	5,500
Deferred taxation	7,756	5,682
	<u>976,791</u>	<u>1,617,567</u>

All amounts shown under debtors fall due for payment within one year.

Aardvark Clear Mine Limited

Notes forming part of the financial statements
for the year ended 31 March 2011 (*continued*)

10 Debtors (*continued*)

	Deferred taxation £
At 1 April 2010	5,682
Credited to profit and loss account	2,074
	<hr/>
At 31 March 2011	7,756
	<hr/>

Deferred taxation

	2011 £	2010 £
The amount of deferred tax provided for is as follows:		
Fixed asset timing differences	2,757	2,882
Sundry timing differences	4,999	2,800
	<hr/>	<hr/>
	7,756	5,682
	<hr/>	<hr/>

11 Creditors: amounts falling due within one year

	2011 £	2010 £
Trade creditors	51,560	40,093
Amounts owed to group undertakings	854,280	846,781
Corporation tax	-	83,188
Other taxation and social security	11,853	6,059
Accruals and deferred income	429,857	659,198
	<hr/>	<hr/>
	1,347,550	1,635,319
	<hr/>	<hr/>

The Royal Bank of Scotland holds a charge over the assets of the company as security for any borrowings which may arise and cross guarantees are in place with group companies as at 31 March 2011.

Aardvark Clear Mine Limited

Notes forming part of the financial statements
for the year ended 31 March 2011 (*continued*)

12 Share capital

	2011 £	2010 £
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	100	100
	<u> </u>	<u> </u>

13 Reserves

	Profit and loss account £
At 1 April 2010	2,075,209
Loss for the year	(86,405)
	<u> </u>
At 31 March 2011	1,988,804
	<u> </u>

14 Reconciliation of movements in shareholders' funds

	2011 £	2010 £
(Loss)/profit for the year	(86,405)	266,429
Opening shareholders' funds	2,075,309	1,808,880
	<u> </u>	<u> </u>
Closing shareholders' funds	1,988,904	2,075,309
	<u> </u>	<u> </u>

15 Commitments under operating leases

The company had annual commitments under non-cancellable operating leases as set out below:

	Other 2011 £	Other 2010 £
Operating leases which expire:		
After five years	7,500	7,500
	<u> </u>	<u> </u>

Aardvark Clear Mine Limited

**Notes forming part of the financial statements
for the year ended 31 March 2011 (*continued*)**

16 Related party disclosures

The company is a wholly owned subsidiary of Penman Engineering Holdings Limited and has taken advantage of the exemption conferred by Financial Reporting Standard 8 'Related party disclosures' not to disclose transactions with Penman Engineering Holdings Limited or other wholly owned subsidiaries within the group.

17 Ultimate parent company

The company's immediate parent company is Aardvark (UK) Limited.

The ultimate parent company is Penman Engineering Holdings Limited, a private company registered in Scotland. Financial statements of the ultimate parent company can be obtained from Heathhall, Dumfries.

Penman Engineering Holdings Limited is the only company within the group of companies for which group financial statements are prepared and of which the company is a member. No single party has overall control of Penman Engineering Holdings Limited.