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Aardvark Clear Mine Limited

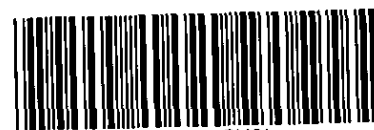
Report and Financial Statements

Year Ended

31 March 2010

Company Number SC080167

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Aardvark Clear Mine Limited

Report and financial statements for the year ended 31 March 2010

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Directors

B S Findlay
A E Smith
A Rodgers
W A Faerestrand
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 2010

The directors present their report together with the audited financial statements for the year ended 31 March 2010.

Results and dividends

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

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

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.

Research and development activities

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.

We see a bright future for the Company based on remaining flexible, innovative and competitive.

Aardvark Clear Mine Limited

Report of the directors for the year ended 31 March 2010 (*continued*)

Directors

The directors of the company during the year were:

B S Findlay
A E Smith
A Rodgers
W A Faerestrand
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 2010 (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 Rodgers
Director
20 August 2010

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 2010 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses, the note of historical cost profits and losses 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 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

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2010 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

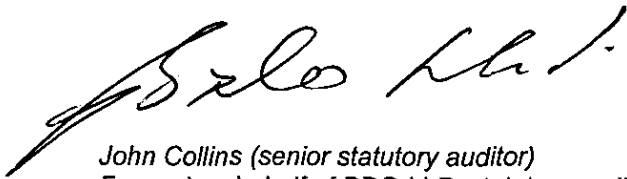
Aardvark Clear Mine Limited

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*

20 August 2010

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 2010

	Note	2010 £	2009 £
Turnover	2	1,763,709	6,022,872
Cost of sales		1,039,295	4,977,260
Gross profit		724,414	1,045,612
Administrative expenses		437,670	411,713
Operating profit	3	286,744	633,899
Profit on disposal of fixed assets		63,708	-
Profit on ordinary activities before interest and other income		350,452	633,899
Interest receivable and similar income		-	271
Profit on ordinary activities before taxation		350,452	634,170
Taxation on profit on ordinary activities	6	84,023	176,387
Profit on ordinary activities after taxation		266,429	457,783

All amounts relate to continuing activities.

The notes on pages 9 to 16 form part of these financial statements.

Aardvark Clear Mine Limited

Statement of total recognised gains and losses and note of historical cost profits and losses for the year ended 31 March 2010

	Note	2010 £	2009 £
Statement of total recognised gains and losses			
Profit for the financial year		266,429	457,783
		<hr/>	<hr/>
Note of historical cost profits and losses			
		2010 £	2009 £
Reported profit on ordinary activities before taxation		350,452	634,170
Difference between actual and historical cost depreciation charge		-	17,618
		<hr/>	<hr/>
Historical cost profit on ordinary activities before taxation		350,452	651,788
		<hr/>	<hr/>
Historical cost profit for the year after taxation		266,429	475,401
		<hr/>	<hr/>

The notes on pages 9 to 16 form part of these financial statements.

Aardvark Clear Mine Limited

Balance sheet at 31 March 2010

<i>Company number SC080167</i>	Note	2010 £	2010 £	2009 £	2009 £
Fixed assets					
Tangible assets	7		4,089		48,914
Fixed asset investments	8		603		603
			<u>4,692</u>		<u>49,517</u>
Current assets					
Stocks	9	203,450		201,062	
Debtors	10	1,617,567		4,204,172	
Cash at bank and in hand		1,884,919		833,190	
		<u>3,705,936</u>		<u>5,238,424</u>	
Creditors: amounts falling due within one year	11	1,635,319		3,479,061	
		<u>1,635,319</u>		<u>3,479,061</u>	
Net current assets			<u>2,070,617</u>		<u>1,759,363</u>
Total assets less current liabilities			<u>2,075,309</u>		<u>1,808,880</u>
Capital and reserves					
Called up share capital	13		100		100
Profit and loss account	14		2,075,209		1,808,780
			<u>2,075,309</u>		<u>1,808,880</u>
Shareholders' funds	15		<u>2,075,309</u>		<u>1,808,880</u>

The financial statements were approved by the board of directors and authorised for issue on 20 August 2010.



A Rodgers
Director

The notes on pages 9 to 16 form part of these financial statements.

Aardvark Clear Mine Limited

Notes forming part of the financial statements for the year ended 31 March 2010

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:

Heritable buildings	- 5% per annum
Heritable land	- Nil
Property improvements	- 25% per annum
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:

- deferred tax is not recognised on timing differences arising on revalued properties unless the company has entered into a binding sale agreement and is not proposing to take advantage of rollover relief; and
- 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 arising from underlying timing differences in respect of tax allowances on industrial buildings are reversed if and when all conditions for retaining those allowances have been met.

Deferred tax balances are not discounted.

Aardvark Clear Mine Limited

Notes forming part of the financial statements
for the year ended 31 March 2010 (continued)

2 Turnover

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of trade discounts and VAT.

3 Operating profit

	2010 £	2009 £
This is arrived at after charging:		
Depreciation of tangible fixed assets	8,533	7,011
Audit services	5,000	5,000
Non-audit services	1,250	1,250
	<u> </u>	<u> </u>

4 Employees

Staff costs (including directors) consist of:

	2010 £	2009 £
Wages and salaries	213,573	271,080
Social security costs	22,049	27,459
	<u> </u>	<u> </u>
	235,622	298,539
	<u> </u>	<u> </u>

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

	2010 Number	2009 Number
Distribution and manufacture	6	7
Administration	1	1
	<u> </u>	<u> </u>
	7	8
	<u> </u>	<u> </u>

Aardvark Clear Mine Limited

Notes forming part of the financial statements
for the year ended 31 March 2010 (*continued*)

5 Directors' remuneration

No director received any emoluments during the current year (2009 - £Nil).

6 Taxation on profit on ordinary activities

	2010 £	2009 £
<i>UK Corporation tax</i>		
Current tax on profits of the year	83,188	176,960
Adjustment in respect of previous periods	6,517	(573)
	<hr/>	<hr/>
Total current tax	89,705	176,387
<i>Deferred tax</i>		
Origination and reversal of timing differences	(5,682)	-
	<hr/>	<hr/>
Taxation on profit on ordinary activities	84,023	176,387
	<hr/>	<hr/>

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

	2010 £	2009 £
Profit on ordinary activities before tax	350,452	634,170
	<hr/>	<hr/>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 28.00% (2009 - 30.00%)	98,127	190,251
Effect of:		
Disallowed expenses and non qualifying depreciation	-	300
Capital allowances for period in excess of depreciation	(16,456)	(1,591)
Marginal relief	(1,283)	(12,000)
Adjustment to tax charge in respect of previous periods	6,517	(573)
Other timing differences	2,800	-
	<hr/>	<hr/>
Current tax charge for the year	89,705	176,387
	<hr/>	<hr/>

Aardvark Clear Mine Limited

Notes forming part of the financial statements
for the year ended 31 March 2010 (continued)

7 Tangible fixed assets

	Heritable land and buildings £	Property improvements £	Plant and machinery £	Office equipment £	Total £
<i>Cost</i>					
At 1 April 2009	40,500	61,788	125,265	32,746	260,299
Disposals	(40,500)	(61,788)	-	-	(102,288)
At 31 March 2010	-	-	125,265	32,746	158,011
<i>Depreciation</i>					
At 1 April 2009	4,208	61,788	117,165	28,224	211,385
Provided for the year	-	-	4,933	3,600	8,533
Disposals	(4,208)	(61,788)	-	-	(65,996)
At 31 March 2010	-	-	122,098	31,824	153,922
<i>Net book value</i>					
At 31 March 2010	-	-	3,167	922	4,089
At 31 March 2009	36,292	-	8,100	4,522	48,914

8 Fixed asset investments

	Group undertakings £
<i>Cost</i>	
At 1 April 2009 and 31 March 2010	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 2010 (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 2010:

	Aggregate share capital and reserves		Profit for the year	
	2010	2009	2010	2009
Aardvark Landmine Clearance Incorporated	\$25,626	\$26,620	\$(994)	\$1,407

9 Stocks

	2010 £	2009 £
Raw materials and consumables	113,450	89,634
Work in progress	-	11,428
Finished goods	90,000	100,000
	<u>203,450</u>	<u>201,062</u>

10 Debtors

	2010 £	2009 £
Trade debtors	802,100	2,391,973
Amounts owed by group undertakings	752,476	1,783,179
Other debtors	40,442	12,153
Prepayments and accrued income	11,367	11,367
Withholding tax	5,500	5,500
Deferred taxation (see note 12)	5,682	-
	<u>1,617,567</u>	<u>4,204,172</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 2010 (*continued*)

11 Creditors: amounts falling due within one year

	2010 £	2009 £
Bank loans and overdrafts (secured)	-	26,705
Trade creditors	40,093	502,514
Amounts owed to group undertakings	846,781	846,781
Corporation tax	83,188	175,814
Other taxation and social security	6,059	9,744
Accruals and deferred income	659,198	1,917,503
	<u>1,635,319</u>	<u>3,479,061</u>

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 2010.

12 Provisions for liabilities

		Deferred taxation £
Provision in year		(5,682)
Transferred to debtors (see note 10)		5,682
31 March 2010		-
		<u>-</u>
<i>Deferred taxation</i>		
	2010 £	2009 £
Fixed asset timing differences	(2,882)	-
Sundry timing differences	(2,800)	-
	<u>(5,682)</u>	<u>-</u>

Aardvark Clear Mine Limited

Notes forming part of the financial statements
for the year ended 31 March 2010 (*continued*)

13 Share capital

	2010 £	2009 £
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>

14 Reserves

	Profit and loss account £
At 1 April 2009	1,808,780
Profit for the year	266,429
	<u>2,075,209</u>
At 31 March 2010	<u>2,075,209</u>

15 Reconciliation of movements in shareholders' funds

	2010 £	2009 £
Profit for the year	266,429	457,783
Opening shareholders' funds	1,808,880	1,351,097
	<u>2,075,309</u>	<u>1,808,880</u>
Closing shareholders' funds	<u>2,075,309</u>	<u>1,808,880</u>

16 Commitments under operating leases

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

	Other 2010 £	Other 2009 £
Operating leases which expire:		
After five years	7,500	-
	<u>7,500</u>	<u>-</u>

Aardvark Clear Mine Limited

**Notes forming part of the financial statements
for the year ended 31 March 2010 (*continued*)**

17 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.

18 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.