

Company Registration No. 00550374 (England and Wales)

AIRFLOW DEVELOPMENTS LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

THURSDAY



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COMPANIES HOUSE



AIRFLOW DEVELOPMENTS LIMITED

DIRECTORS AND ADVISERS

Directors	A Siggins G Mueller J Mueller
Secretary	G Mueller
Company number	00550374
Registered office	Aidelle House Lancaster Road High Wycombe Buckinghamshire HP12 3QP
Registered auditors	Haines Watts Sterling House 5 Buckingham Place Bellfield Road West High Wycombe Buckinghamshire HP13 5HQ
Business address	Aidelle House Lancaster Road High Wycombe Buckinghamshire HP12 3QP
Bankers	HSBC Bank PLC 1 Corn Market High Wycombe Buckinghamshire HP11 2AY



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AIRFLOW DEVELOPMENTS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2013

The directors present their report and financial statements for the year ended 31 December 2013.

Review of the business

Sales were £14.2 million for the year compared to £12.9 million in 2012, an increase of 10%. Sales into the UK increased by 17% but sales into Europe increased only slightly reflecting the economic conditions.

Margins decreased again, this time by 2.1 percentage points due to increased sales of heat recovery systems which carry lower-than-average margins.

Expenditure was 9% higher than 2012 due to planned increases in employment and marketing costs in order to gain further increases in market share.

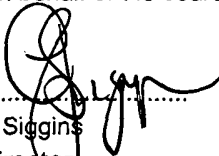
As a result of the above the group produced an operating loss of £67k compared to the previous year's profit of £144k. The loss before tax was £65,668, £209k lower than last year's profit.

The company bought the freehold of its building in High Wycombe in December 2013 for £2.33 million. This purchase was funded by the parent company subscribing for 2,800,000 redeemable preference shares of £1 each. These shares carry no fixed repayment period or dividend.

The company continues to develop new products to extend its range and also to meet new, stringent building regulations. The directors are confident that the recent investments that have been made in people, products, facilities and marketing will lead to increased market share and sales.

The company sources many of its products in US dollars and Euros and is therefore at risk of adverse exchange rate movements. The directors manage this risk by maintaining significant funds in US dollars which are purchased whenever rates are thought to be favourable.

On behalf of the board


.....
A Siggins
Director
23/12/14
.....



AIRFLOW DEVELOPMENTS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2013

The directors present their report and financial statements for the year ended 31 December 2013.

Principal activities and review of the business

The principal activity of the company continued to be the manufacture and distribution of air moving equipment.

Results and dividends

The results for the year are set out on page 6. The directors do not recommend the payment of a dividend.

Directors

The following directors have held office since 1 January 2013:

A Siggins

G Mueller

J Mueller

Statement of 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 group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AIRFLOW DEVELOPMENTS LIMITED

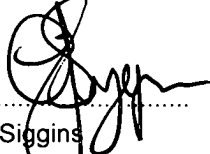
DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2013

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the group's 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 group's auditors are aware of that information.

On behalf of the board



.....
A Siggins
Director
23/1/14
.....



AIRFLOW DEVELOPMENTS LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF AIRFLOW DEVELOPMENTS LIMITED

We have audited the group and parent company financial statements (the "financial statements") of Airflow Developments Limited for the year ended 31 December 2013 set out on pages 6 to 23. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, 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 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 group's and 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. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 31 December 2013 and of the group's 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 Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

AIRFLOW DEVELOPMENTS LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF AIRFLOW DEVELOPMENTS LIMITED

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Colin Fletcher (Senior Statutory Auditor)
for and on behalf of Haines Watts

23 September 2014

Chartered Accountants
Statutory Auditor

Sterling House
5 Buckingham Place
Bellfield Road West
High Wycombe
Buckinghamshire
HP13 5HQ



AIRFLOW DEVELOPMENTS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	2013 £	2012 £
Turnover		14,234,250	12,940,109
Cost of sales		(8,453,746)	(7,409,546)
Gross profit		5,780,504	5,530,563
Administrative expenses		(6,002,101)	(5,507,278)
Other operating income		154,633	120,494
Operating (loss)/profit	2	(66,964)	143,779
Other interest receivable and similar income		1,589	5,904
Interest payable and similar charges	3	(293)	(6,287)
(Loss)/profit on ordinary activities before taxation	2	(65,668)	143,396
Tax on (loss)/profit on ordinary activities	4	(10,355)	(89,378)
(Loss)/profit on ordinary activities after taxation		(76,023)	54,018

The profit and loss account has been prepared on the basis that all operations are continuing operations.



AIRFLOW DEVELOPMENTS LIMITED

STATEMENT OF RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 DECEMBER 2013

	2013 £	2012 £
(Loss)/profit for the financial year	(76,023)	54,018
Currency translation differences on foreign currency net investments	32,259	(37,260)
Total recognised gains and losses relating to the year	<u>(43,764)</u>	<u>16,758</u>

AIRFLOW DEVELOPMENTS LIMITED

BALANCE SHEETS

AS AT 31 DECEMBER 2013

	Notes	Group 2013 £	2012 £	Company 2013 £	2012 £
Fixed assets					
Tangible assets	6	2,811,161	503,583	2,705,074	405,847
Investments	7	-	-	70,892	70,892
		<u>2,811,161</u>	<u>503,583</u>	<u>2,775,966</u>	<u>476,739</u>
Current assets					
Stocks	8	2,098,638	2,056,835	1,169,218	1,118,731
Debtors	9	3,516,191	3,178,106	2,240,288	1,994,451
Cash at bank and in hand		<u>1,131,839</u>	<u>879,608</u>	<u>927,123</u>	<u>598,561</u>
		6,746,668	6,114,549	4,336,629	3,711,743
Creditors: amounts falling due within one year	10	<u>(1,700,086)</u>	<u>(1,508,209)</u>	<u>(1,141,350)</u>	<u>(1,009,342)</u>
Net current assets		<u>5,046,582</u>	<u>4,606,340</u>	<u>3,195,279</u>	<u>2,702,401</u>
Total assets less current liabilities		7,857,743	5,109,923	5,971,245	3,179,140
Creditors: amounts falling due after more than one year	11	(2,800,000)	-	(2,851,365)	(80,087)
Provisions for liabilities	12	<u>(469,096)</u>	<u>(477,512)</u>	<u>(104,096)</u>	<u>(48,000)</u>
		<u>4,588,647</u>	<u>4,632,411</u>	<u>3,015,784</u>	<u>3,051,053</u>
Capital and reserves					
Called up share capital	14	52,380	52,380	52,380	52,380
Other reserves	15	740,000	740,000	740,000	740,000
Profit and loss account	15	<u>3,796,267</u>	<u>3,840,031</u>	<u>2,223,404</u>	<u>2,258,673</u>
Shareholders' funds	16	<u>4,588,647</u>	<u>4,632,411</u>	<u>3,015,784</u>	<u>3,051,053</u>

Approved by the Board and authorised for issue on 23/9/14

A Siggins
Director

Company Registration No. 00550374

AIRFLOW DEVELOPMENTS LIMITED

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2013

	£	2013 £	£	2012 £
Net cash (outflow)/inflow from operating activities		(157,055)		50,355
Returns on investments and servicing of finance				
Interest received	1,589		5,904	
Interest paid	(293)		(6,287)	
Net cash inflow/(outflow) for returns on investments and servicing of finance		1,296		(383)
Taxation		8,506		(227,177)
Capital expenditure				
Payments to acquire tangible assets	(2,400,941)		(121,113)	
Receipts from sales of tangible assets	425		-	
Net cash outflow for capital expenditure		(2,400,516)		(121,113)
Net cash outflow before management of liquid resources and financing		(2,547,769)		(298,318)
Financing				
New preference shares issued	2,800,000		-	
Repayment of long term bank loan	-		(278,686)	
Net cash inflow/(outflow) from financing		2,800,000		(278,686)
Increase/ (Decrease) in cash in the year		252,231		(577,004)

AIRFLOW DEVELOPMENTS LIMITED

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

1	Reconciliation of operating (loss)/profit to net cash (outflow)/inflow from operating activities	2013	2012
		£	£
	Operating (loss)/profit	(66,964)	143,779
	Depreciation of tangible assets	92,334	178,713
	Loss on disposal of tangible assets	604	-
	Increase in stocks	(41,803)	(344,311)
	Increase in debtors	(357,577)	(608,488)
	Increase in creditors within one year	192,508	703,105
	Net effect of foreign exchange differences	32,259	(37,260)
	(Decrease)/Increase in provisions	(8,416)	14,817
	Net cash (outflow)/inflow from operating activities	(157,055)	50,355

2	Analysis of net (debt)/funds	1 January 2013	Cash flow	Other non-cash changes	31 December 2013
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	879,608	252,231	-	1,131,839
	Debts falling due after one year	-	(2,800,000)	-	(2,800,000)
	Net funds/(debt)	879,608	(2,547,769)	-	(1,668,161)

3	Reconciliation of net cash flow to movement in net debt	2013	2012
		£	£
	Increase/(decrease) in cash in the year	252,231	(577,004)
	Cash (inflow)/outflow from (increase)/decrease in debt	(2,800,000)	278,686
	Movement in net (debt)/funds in the year	(2,547,769)	(298,318)
	Opening net funds	879,608	1,177,926
	Closing net (debt)/funds	(1,668,161)	879,608

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

1 Accounting policies**1.1 Accounting convention**

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.3 Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 December 2013. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. Intra-group sales and profits are eliminated fully on consolidation. No profit and loss account has been presented for Airflow Developments Limited as permitted by Section 408 of the Companies Act 2006.

1.4 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.5 Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life.

1.6 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.

1.7 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Freehold	2% Straight line, on a pro rata basis
Plant and machinery	10% Straight line or over the life of the asset
Fixtures, fittings & equipment	10%/12.5%/20% Straight line or over the life of the asset
Motor vehicles	25% Straight line

1.8 Leasing

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

1.9 Investments

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

1.10 Stock

Stock is valued at the lower of cost and net realisable value.

AIRFLOW DEVELOPMENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

1 Accounting policies (continued)

1.11 Pensions

The Group operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

1.12 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1.13 Foreign currency translation

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

Assets and liabilities of overseas subsidiaries are translated at the rate ruling at the balance sheet date and the trading figures are translated at the average exchange rate for the year. Exchange differences arising are dealt with through reserves.

2 Operating profit	2013 £	2012 £
Operating profit is stated after charging:		
Depreciation of tangible assets	92,335	178,713
Loss on disposal of tangible assets	604	-
Research and development	31,567	57,617
Operating lease rentals		
- Plant and machinery	130,409	120,382
- Other assets	266,257	261,877
Fees payable to the group's auditor for the audit of the group's annual accounts	13,314	10,220
and after crediting:		
Profit on foreign exchange transactions	(76,283)	(55,816)

3 Interest payable	2013 £	2012 £
On bank loans and overdrafts	-	5,353
Other interest	293	934
	293	6,287

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

4	Taxation	2013 £	2012 £
	Domestic current year tax		
	Adjustment for prior years	(10,220)	-
	Foreign corporation tax		
	Foreign corporation tax	1,083	89,378
	Total current tax	(9,137)	89,378
	Deferred tax		
	Deferred tax charge/credit current year	19,492	-
		10,355	89,378
	Factors affecting the tax charge for the year		
	(Loss)/profit on ordinary activities before taxation	(65,668)	143,396
	(Loss)/profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 23.00% (2012 - 20.00%)	(15,104)	28,679
	Effects of:		
	Non deductible expenses	788	2,139
	Depreciation add back	21,237	28,383
	Capital allowances	(11,736)	(19,094)
	Tax losses utilised	4,341	5,400
	Overseas tax adjustments	1,557	43,871
	Adjustments to previous periods	(10,220)	-
		5,967	60,699
	Current tax charge for the year	(9,137)	89,378

The company has estimated losses of £ 592,868 (2012 - £ 592,868) available for carry forward against future trading profits.

5 (Loss)/Profit for the financial year

As permitted by section 408 Companies Act 2006, the holding company's profit and loss account has not been included in these financial statements. The (loss)/profit for the financial statements is made up as follows:

	2013 £	2012 £
Holding company's (loss)/profit for the financial year	(35,269)	(92,938)

AIRFLOW DEVELOPMENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

6 Tangible fixed assets

Group

	Land and buildings Freehold	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 January 2013	364,580	182,999	1,761,417	31,205	2,340,201
Additions	2,334,658	17,256	49,028	-	2,400,942
Disposals	-	-	(16,972)	-	(16,972)
At 31 December 2013	<u>2,699,238</u>	<u>200,255</u>	<u>1,793,473</u>	<u>31,205</u>	<u>4,724,171</u>
Depreciation					
At 1 January 2013	108,599	163,424	1,533,390	31,205	1,836,618
On disposals	-	-	(15,943)	-	(15,943)
Charge for the year	<u>6,936</u>	<u>12,421</u>	<u>72,978</u>	<u>-</u>	<u>92,335</u>
At 31 December 2013	<u>115,535</u>	<u>175,845</u>	<u>1,590,425</u>	<u>31,205</u>	<u>1,913,010</u>
Net book value					
At 31 December 2013	<u>2,583,703</u>	<u>24,410</u>	<u>203,048</u>	<u>-</u>	<u>2,811,161</u>
At 31 December 2012	<u>255,981</u>	<u>19,575</u>	<u>228,027</u>	<u>-</u>	<u>503,583</u>

AIRFLOW DEVELOPMENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2013

Tangible fixed assets

Company

	Land and buildings Freehold	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 January 2013	355,293	62,022	1,561,253	18,888	1,997,456
Additions	2,334,658	-	10,020	-	2,344,678
Disposals	-	-	(8,000)	-	(8,000)
At 31 December 2013	<u>2,689,951</u>	<u>62,022</u>	<u>1,563,273</u>	<u>18,888</u>	<u>4,334,134</u>
Depreciation					
At 1 January 2013	105,832	62,022	1,404,867	18,888	1,591,609
On disposals	-	-	(8,000)	-	(8,000)
Charge for the year	<u>6,936</u>	<u>-</u>	<u>38,515</u>	<u>-</u>	<u>45,451</u>
At 31 December 2013	<u>112,768</u>	<u>62,022</u>	<u>1,435,382</u>	<u>18,888</u>	<u>1,629,060</u>
Net book value					
At 31 December 2013	<u>2,577,183</u>	<u>-</u>	<u>127,891</u>	<u>-</u>	<u>2,705,074</u>
At 31 December 2012	<u>249,461</u>	<u>-</u>	<u>156,386</u>	<u>-</u>	<u>405,847</u>



AIRFLOW DEVELOPMENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

7 Fixed asset investments

Company

	Shares in group undertakings £
Cost	
At 1 January 2013 & at 31 December 2013	70,892
Net book value	
At 31 December 2013	70,892
At 31 December 2012	70,892

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held	
		Class	%
Subsidiary undertakings			
Airflow Lufttechnik GmbH	Germany	Ordinary	100

8 Stocks

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Finished goods and goods for resale	2,098,638	2,056,835	1,169,218	1,118,731

AIRFLOW DEVELOPMENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

9 Debtors

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Trade debtors	2,508,881	2,354,361	1,763,126	1,614,837
Other debtors	734,478	409,395	204,330	700
Prepayments and accrued income	142,847	264,873	142,847	229,437
Deferred tax asset (see note 12)	129,985	149,477	129,985	149,477
	<u>3,516,191</u>	<u>3,178,106</u>	<u>2,240,288</u>	<u>1,994,451</u>

The deferred tax asset is recoverable after more than one year.

10 Creditors : amounts falling due within one year

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Trade creditors	1,026,423	946,098	695,051	513,530
Amounts owed to group undertakings	-	-	40,161	51,600
Corporation tax	2,328	2,959	2,328	2,328
Taxes and social security costs	121,834	338,410	41,101	269,947
Other creditors	3,939	935	3,939	935
Accruals and deferred income	545,562	219,807	358,770	171,002
	<u>1,700,086</u>	<u>1,508,209</u>	<u>1,141,350</u>	<u>1,009,342</u>

11 Creditors : amounts falling due after more than one year

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Amounts owed to group undertakings	-	-	51,365	80,087
Preference shares classed as a financial liability	2,800,000	-	2,800,000	-
	<u>2,800,000</u>	<u>-</u>	<u>2,851,365</u>	<u>80,087</u>

AIRFLOW DEVELOPMENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

12 Provisions for liabilities

Group

	German pension provision £	Warranty Provision £	Total £
Balance at 1 January 2013	324,443	210,329	534,772
Profit and loss account	40,557	(106,233)	(65,676)
	<u>365,000</u>	<u>104,096</u>	<u>469,096</u>
Balance at 31 December 2013	<u>365,000</u>	<u>104,096</u>	<u>469,096</u>

Company

	Warranty provision £
Balance at 1 January 2013	48,000
Profit and loss account	56,096
	<u>104,096</u>
Balance at 31 December 2013	<u>104,096</u>

The deferred tax asset (included in debtors, note 9) is made up as follows:

	Group 2013 £	Company 2013 £
Balance at 1 January 2013	(149,477)	(149,477)
Profit and loss account	19,492	19,492
	<u>(129,985)</u>	<u>(129,985)</u>
Balance at 31 December 2013	<u>(129,985)</u>	<u>(129,985)</u>

	2013 £	Group 2012 £	Company 2013 £	2012 £
Decelerated capital allowances	(11,695)	(14,416)	(11,695)	(14,416)
Tax losses available	(118,290)	(135,061)	(118,290)	(135,061)
	<u>(129,985)</u>	<u>(149,477)</u>	<u>(129,985)</u>	<u>(149,477)</u>



AIRFLOW DEVELOPMENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2013

13 Pension and other post-retirement benefit commitments

Defined contribution

The group operates defined contribution pension schemes. The assets of the schemes are held separately from those of the group in independently administered funds. The pension cost charge represents contributions payable by the group to the funds.

	2013 £	2012 £
Contributions payable by the group for the year	364,863	331,128

14 Share capital

	2013 £	2012 £
Allotted, called up and fully paid		
52,380 Ordinary shares of £1 each	52,380	52,380



AIRFLOW DEVELOPMENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2013

15 Statement of movements on reserves

Group

	Other reserves (see below) £	Profit and loss account £
Balance at 1 January 2013	740,000	3,840,031
Loss for the year	-	(76,023)
Foreign currency translation differences	-	32,259
Balance at 31 December 2013	<u>740,000</u>	<u>3,796,267</u>

Other reserves

Capital redemption reserve

Balance at 1 January 2013 & at 31 December 2013

740,000

Company

	Other reserves (see below) £	Profit and loss account £
Balance at 1 January 2013	740,000	2,258,673
Loss for the year	-	(35,269)
Balance at 31 December 2013	<u>740,000</u>	<u>2,223,404</u>

Other reserves

Capital redemption reserve

Balance at 1 January 2013 & at 31 December 2013

740,000



AIRFLOW DEVELOPMENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2013

16 Reconciliation of movements in shareholders' funds	2013	2012
Group	£	£
(Loss)/Profit for the financial year	(76,023)	54,018
Other recognised gains and losses	32,259	(37,260)
	<hr/>	<hr/>
Net (depletion in)/addition to shareholders' funds	(43,764)	16,758
Opening shareholders' funds	4,632,411	4,615,653
	<hr/>	<hr/>
Closing shareholders' funds	4,588,647	4,632,411
	<hr/>	<hr/>

	2013	2012
Company	£	£
Loss for the financial year	(35,269)	(92,938)
Opening shareholders' funds	3,051,053	3,143,991
	<hr/>	<hr/>
Closing shareholders' funds	3,015,784	3,051,053
	<hr/>	<hr/>

17 Financial commitments

Group and Company

At 31 December 2013 the group and company was committed to making the following payments under non-cancellable operating leases in the year to December 2014:

	Land and buildings		Other	
	2013	2012	2013	2012
	£	£	£	£
Expiry date:				
Within one year	-	-	25,906	56,919
Between two and five years	-	-	109,202	73,490
In over five years	-	266,257	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	-	266,257	135,108	130,409
	<hr/>	<hr/>	<hr/>	<hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

18 Directors' remuneration	2013	2012
	£	£
Remuneration for qualifying services	<u>105,081</u>	<u>93,144</u>

19 Employees

Number of employees

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

	2013	2012
	Number	Number
Manufacturing	13	14
Non-manufacturing	74	70
	<u>87</u>	<u>84</u>

Employment costs

	2013	2012
	£	£
Wages and salaries	3,169,344	2,864,423
Social security costs	168,914	151,307
Other pension costs	364,863	331,128
	<u>3,703,121</u>	<u>3,346,858</u>

20 Control

The immediate holding company is Top Air A.G., a company registered in Germany. The ultimate controlling company is M4 Verwaltungs GmbH, a company registered in Germany.

21 Related party transactions

Group and Company

The company has taken advantage of the exemption available in accordance with FRS 8 'Related party disclosures' not to disclose transactions entered into between two or more members of a group, as the company is a wholly owned subsidiary undertaking of the group to which it is party to the transactions.



AIRFLOW DEVELOPMENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) *FOR THE YEAR ENDED 31 DECEMBER 2013*

22 Post Balance Sheet Events

Subsequent to the year end, the agreement in place concerning the preference shares, currently presented in long term creditors has been altered so that they are now redeemable at the discretion of the company. As a result, these preference shares will be presented within share capital in the next financial statements.