

REGISTRAR OF COMPANIES

Registration number 01962034

Armfield Limited

Directors' Report and Consolidated Financial Statements

for the Year Ended 31 December 2010

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Armfield Limited
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Armfield Limited
Company Information

Directors	C J Addis S F Farrow E E Sansom D J Sawyer
Registered office	Bridge House West Street Ringwood Hampshire BH24 1DY
Auditors	Princetown Willis LLP Chartered Accountants & Registered Auditors Towngate House 2-8 Parkstone Road Poole Dorset BH15 2PW

Armfield Limited
Directors' Report for the Year Ended 31 December 2010

The directors present their report and the consolidated financial statements for the year ended 31 December 2010

Directors of the company

The directors who held office during the year were as follows

C J Addis

S F Farrow

E E Sansom

S Studdart (to 10 March 2010)

D J Sawyer (appointed 1 March 2010)

It is with regret that the Board recorded the death of S Studdart on 10 March 2010

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 group and the company 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 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, and
- 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 group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activity

The principal activity of the group is the design and supply of research and training equipment for use mainly in the fields of water resource engineering, process engineering and food technology.

Armfield Limited
Directors' Report for the Year Ended 31 December 2010

..... *continued*

Business review

We aim to present a balanced and comprehensive review of the development and performance of our business during the year and its position at the year end. Our review is consistent with the size and nature of our business and is written in the context of the risks and uncertainties we face.

As a manufacturer and exporter of engineering teaching and research equipment, the company continues to sell to educational establishments, government bodies and the R&D departments of major food, drink and flavourings businesses around the world. The company's activities are organised so that educational and industrial sales forces are split, all other activities are combined. The Company's US subsidiary, Armfield Incorporated, sells only Armfield Limited products in both market-places in the USA and the majority of its employees are sales staff.

We consider that our key financial performance indicators are those that communicate the financial performance and strength of the company as a whole, being turnover and Gross Margin. The turnover of the Company, organised on a geographical basis was

	2010 £'000	2009 £'000
UK	1,502	880
Europe	1,263	1,854
Rest of World	9,014	9,149
	<hr/> 11,779	<hr/> 11,883
And by market sector		
Educational	8,826	9,994
Industrial	2,953	1,889
	<hr/> 11,779	<hr/> 11,883

Educational Sales continue to fluctuate annually, following the worldwide trend in the timing of major projects and economic circumstances. Orders in 2010 followed a strong opening backlog to produce a high level of sales, although 11% down on 2009 most of this is a fall in agents' commission on which no margin is made, and an even better closing backlog of £3,465K. Prospects for 2011, particularly projects, are also encouraging. Industrial orders in 2010 were 56% better than 2009, although £228k of this represents a single order which was delayed from 2009 into 2010, with orders continuing to be booked in early 2011, particularly from the USA. Competition among the small number of manufacturers in this market remains aggressive, and is now evident around the World.

Armfield Limited
Directors' Report for the Year Ended 31 December 2010

..... continued

Both spares orders and annual service contracts for industrial customers continue to be part of the company's plans to maintain customer satisfaction and communication, but both are costed to contribute to profits

The reported Gross Profit for 2010 at 49.5% was an improvement on 2009's 42.5%. The biggest reason for these fluctuations is again the change year on year of the value of agents' commission included in the Gross Sales figure, which fell back from a very high £1.5 million in 2009 to a more typical £700k in 2010. The actual Ex Works Margin achieved on sales in 2010 was 49.2% which is actually slightly less than the 49.4% achieved in 2009.

The reported operating profit in 2010 of £1,801,496 showed an increase of 61% over the previous year (2009 £1,118,387) due partly to an increase in the turnover net of commissions and partly due to shareholders taking dividends in 2010 rather than the bonuses that were paid in 2009. Profit before tax of £1,739,538 for 2010 (2009 £639,490) was affected this year by only a £94,000 pension scheme finance cost (2009 £505,000).

The business environment in which the company operates is governed more than most by international political events and uncertainties. The fluctuating value of the pound compared to both the US dollar and the Euro continues to make overseas pricing and margins difficult to plan, although the company strives to fix exchange rates on specific contracts wherever possible, as well as for its income from the US subsidiary. With poor prospects in the EU and unrest in the Middle East, both big contributors to turnover in the recent past, the BRIC countries are providing useful opportunities, while developing countries continue to provide the biggest challenges and the occasional big project.

The main competition faced in both market sectors is from a small number of foreign competitors operating in the same niche market-places, with most of these based in mainland Europe. However, in some developing markets local suppliers providing inferior but much cheaper equipment do win business where price is the over-riding factor in the purchasing decision.

We continue to develop new products for both markets and the use of the internet as a marketing tool has expanded in 2010 into social networks. Following a dip in growth in 2009, the industrial market development plan was updated in 2010 and this remains the area with the greatest potential for growth in 2011. The Company also undertook a review of its Supply Chain in early 2010 and implemented a number of changes in the organisation to improve quality as well as with a view to improving delivery times. At the same time the various independent computer systems have been replaced with a single integrated system which went live at the beginning of 2011.

All of these plans are, however, subject to unforeseen future external events and the continuing worldwide economic crisis, together with unrest in the Middle East, makes sales prospects even less predictable than has been normal in our industry.

Results and dividends

The results for the group are set out in the financial statements.

Dividends paid are detailed in note 16.

Research and development

The group will continue its policy of investment in research and development in order to retain a competitive position in the market.

Armfield Limited

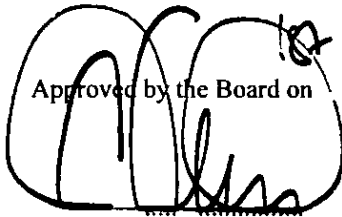
Directors' Report for the Year Ended 31 December 2010

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Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditors are unaware of.

Approved by the Board on



C J Addis
Director

18 April 2011
and signed on its behalf by

Independent Auditor's Report to the Members of Armfield Limited

We have audited the financial statements of Armfield Limited for the year ended 31 December 2010, set out on pages 8 to 29. 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 (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 (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 group's and parent 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 group's and of the parent company's affairs as at 31 December 2010 and of the group's 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.

**Independent Auditor's Report to the Members of
Armfield 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 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

Mark Johns .

Mark Johns FCCA ACA (Senior Statutory Auditor)
For and on behalf of Princecroft Willis LLP, Statutory Auditors

Towngate House
2-8 Parkstone Road
Poole
Dorset
BH15 2PW

2 August 2011

Armfield Limited
Consolidated Profit and Loss Account for the Year Ended 31 December 2010

	Note	2010 £	2009 £
Turnover	2	11,779,018	11,883,843
Cost of sales		<u>(5,953,842)</u>	<u>(6,825,234)</u>
Gross profit		5,825,176	5,058,609
Administrative expenses		<u>(4,023,680)</u>	<u>(3,940,222)</u>
Group operating profit	3	1,801,496	1,118,387
Other interest receivable and similar income	6	32,042	26,103
Pension scheme finance costs (see note 19)	7	<u>(94,000)</u>	<u>(505,000)</u>
Profit on ordinary activities before taxation		1,739,538	639,490
Tax on profit on ordinary activities		<u>(248,783)</u>	<u>(129,014)</u>
Profit for the financial year	17	<u><u>1,490,755</u></u>	<u><u>510,476</u></u>

Turnover and operating profit derive wholly from continuing operations

Armfield Limited
Consolidated Statement of Total Recognised Gains and Losses for the Year Ended 31
December 2010

	Note	2010 £	2009 £
Profit for the financial year		1,490,755	510,476
Foreign currency translation differences		18,140	(19,669)
Actuarial gain/(loss) recognised on defined benefit pension scheme		954,000	(850,000)
Deferred tax on actuarial (loss)/gain recognised on defined benefit pension scheme		<u>(283,400)</u>	<u>15,400</u>
Total recognised gains and losses relating to the year		<u><u>2,179,495</u></u>	<u><u>(343,793)</u></u>

Armfield Limited
Consolidated Balance Sheet at 31 December 2010

		2010		2009	
	Note	£	£	£	£
Fixed assets					
Tangible fixed assets	9		168,362		188,835
Current assets					
Stocks	11	1,631,832		1,397,818	
Debtors	12	1,846,355		1,125,743	
Cash at bank and in hand		2,018,852		3,347,533	
		<u>5,497,039</u>		<u>5,871,094</u>	
Creditors Amounts falling due within one year	13	(2,283,637)		(3,290,060)	
Net current assets			<u>3,213,402</u>		<u>2,581,034</u>
Net assets excluding pension asset/liability			<u>3,381,764</u>		<u>2,769,869</u>
Net pension liability	19		<u>(824,000)</u>		<u>(1,551,600)</u>
Net assets			<u><u>2,557,764</u></u>		<u><u>1,218,269</u></u>
Capital and reserves					
Called up share capital	15	101,818		101,818	
Capital redemption reserve	17	726,182		726,182	
EMI share option reserve	17	13,776		13,776	
Profit and loss account	17	<u>1,715,988</u>		<u>376,493</u>	
Shareholders' funds	18		<u><u>2,557,764</u></u>		<u><u>1,218,269</u></u>

Approved by the Board on

and signed on its behalf by

C J Addis
Director

S F Parrow
Director

Armfield Limited
(Registration number: 01962034)
Balance Sheet at 31 December 2010

		2010		2009	
	Note	£	£	£	£
Fixed assets					
Tangible fixed assets	9		106,773		129,130
Investments	10		187,153		187,153
			<u>293,926</u>		<u>316,283</u>
Current assets					
Stocks	11	1,631,832		1,397,818	
Debtors	12	1,653,798		816,154	
Cash at bank and in hand		<u>1,557,371</u>		<u>3,135,823</u>	
		4,843,001		5,349,795	
Creditors Amounts falling due within one year	13	<u>(2,115,060)</u>		<u>(3,125,579)</u>	
Net current assets			<u>2,727,941</u>		<u>2,224,216</u>
Total assets less current liabilities			3,021,867		2,540,499
Creditors Amounts falling due after more than one year	14		<u>(180,000)</u>		<u>(180,000)</u>
Net assets excluding pension asset/liability			2,841,867		2,360,499
Net pension liability	19		<u>(824,000)</u>		<u>(1,551,600)</u>
Net assets			<u><u>2,017,867</u></u>		<u><u>808,899</u></u>
Capital and reserves					
Called up share capital	15	101,818		101,818	
Capital redemption reserve	17	726,182		726,182	
EMI share option reserve	17	13,776		13,776	
Profit and loss account	17	<u>1,176,091</u>		<u>(32,877)</u>	
Shareholders' funds	18		<u><u>2,017,867</u></u>		<u><u>808,899</u></u>

Approved by the Board on

and signed on its behalf by

C J Addis
Director

S F Farrow
Director

Armfield Limited
Consolidated Cash Flow Statement for the Year Ended 31 December 2010

	Note	2010 £	2009 £
Reconciliation of operating profit to net cash flow from operating activities			
Operating profit		1,801,496	1,118,387
Depreciation, amortisation and impairment charges		135,109	118,893
Profit on disposal of fixed assets		(1,476)	(13,187)
Increase in stocks		(234,014)	(32,690)
(Increase)/decrease in debtors		(720,612)	611,234
(Decrease)/increase in creditors		(1,182,286)	990,997
Foreign exchange difference on translation of overseas subsidiary		15,508	(22,239)
EMI share option fair value adjustment		-	6,792
Net cash (outflow)/inflow from operating activities		<u>(186,275)</u>	<u>2,778,187</u>
Returns on investments and servicing of finance			
Interest received		<u>32,042</u>	<u>26,103</u>
Tax paid		<u>(72,920)</u>	<u>(134,401)</u>
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(151,843)	(112,229)
Sale of tangible fixed assets		<u>41,315</u>	<u>37,639</u>
		(110,528)	(74,590)
Defined benefit scheme pension contributions		(151,000)	(1,160,000)
Equity dividends paid		<u>(840,000)</u>	<u>-</u>
(Decrease)/increase in cash	21	<u><u>(1,328,681)</u></u>	<u><u>1,435,299</u></u>
Reconciliation of net cash flow to movement in net debt			
	Note	2010 £	2009 £
(Decrease)/increase in cash		<u>(1,328,681)</u>	<u>1,435,299</u>
Movement in net debt	21	(1,328,681)	1,435,299
Net funds at 1 January	21	<u>3,347,533</u>	<u>1,912,234</u>
Net funds at 31 December	21	<u><u>2,018,852</u></u>	<u><u>3,347,533</u></u>

Armfield Limited

Notes to the Financial Statements for the Year Ended 31 December 2010

1 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 December 2010. Subsidiary undertakings are included using the acquisitions method of accounting. Under this method the group profit and loss account and statement of cashflows include the results and cashflows of subsidiaries from the date of acquisition and to the date of sale outside the group in the case of disposals of subsidiaries. The purchase consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition.

No profit and loss account is presented for the company as permitted by Section 408 of the Companies Act 2006. Its profit for the financial year was £1,378,368 (2009 - £472,550).

Turnover

Turnover represents amounts chargeable, net of value added tax, in respect of the sale of goods and services to customers.

Depreciation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Depreciation method and rate
Demonstration equipment	50% p a on a straight line basis
Motor vehicles	25% p a on a straight line basis
Furniture and equipment	20% p a on a straight line basis
Computer equipment	33 33% p a on a straight line basis

Designs, moulds, patterns and loose tools are written off in the year of acquisition, as is computer software.

Research and development

Research and development expenditure is written off as incurred, except that development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured. Any expenditure carried forward is amortised in line with the expected future sales from the related project.

Stocks

Stock is valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Net realisable value is based on selling price less anticipated costs to completion and selling costs.

Warranties for products

Provision is made for the estimated costs in relation to commissioning and rectification.

Armfield Limited

Notes to the Financial Statements for the Year Ended 31 December 2010

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Deferred tax

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed by the balance sheet date, except as required by FRS19

Deferred tax is measured at the rates that are expected to apply in the periods when the timing differences are expected to reverse, based on the tax rates and law enacted at the balance sheet date

Foreign currency

Company

Profit and loss account transactions in foreign currencies are translated into sterling at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the closing rates at the balance sheet date and the exchange differences are included in the profit and loss account

Group

The financial statements of overseas subsidiary undertakings are translated at the rate ruling at the balance sheet date. The exchange differences arising on the retranslation of opening net assets is taken directly to reserves. All other translation differences are taken to the profit and loss account with the exception of differences on foreign currency borrowings to the extent that they are used to finance or provide a hedge against group equity investments in foreign enterprises, which are taken to reserves together with the exchange difference on the net investment in these enterprises. Tax charges and credits attributable to exchange differences on those borrowings are also taken to reserves

Operating leases

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term

Pensions

The company operates a pension scheme, for employees in post on 31 December 2000, providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company and are invested with insurance companies. In accordance with Financial Reporting Standard 17 (FRS 17), assets and liabilities of the scheme are shown in the company's balance sheet. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. Adjustments to comply with FRS 17 have been made in the profit and loss account and statement of total recognised gains and losses, as shown in note 19

The company operates a defined contribution pension scheme for the benefit of employees joining the company after 31 December 2000. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme. The company also contributes to a separate pension scheme for the benefit of shareholder directors to top up the accrued benefits under the defined benefit scheme

EMI share options

On 26 August 2008 options were granted to two of the directors under the Enterprise Management Incentive Scheme. As at 31 December 2010 there were unexercised options in existence. A fair value adjustment has been made to the financial statements in accordance with FRS20 Share based payments, in relation to these options

Armfield Limited

Notes to the Financial Statements for the Year Ended 31 December 2010

..... continued

2 Turnover

An analysis of turnover by geographical location is given below

	2010 £	2009 £
Sales - UK	1,502,451	880,537
Sales - Europe	1,262,618	1,853,545
Sales - Rest of world	9,013,949	9,149,761
	<u>11,779,018</u>	<u>11,883,843</u>

3 Operating profit

Operating profit is stated after charging

	2010 £	2009 £
Operating leases - other assets	12,648	12,185
Foreign currency gains	(160,234)	(114,894)
Profit on sale of tangible fixed assets	(1,476)	(13,187)
Depreciation of owned assets	135,109	118,893
Auditor's remuneration	12,430	12,430
Auditors' remuneration - non audit work	12,085	12,430
Research and development expenditure	<u>31,257</u>	<u>43,995</u>

4 Particulars of employees

The average number of persons employed by the group (including directors) during the year, analysed by category was as follows

	2010 No.	2009 No.
Administration and support	12	13
Other departments	43	40
	<u>55</u>	<u>53</u>

The aggregate payroll costs were as follows

	2010 £	2009 £
Wages and salaries	2,172,218	2,282,213
Social security costs	207,744	240,718
Staff pensions	200,815	163,563
	<u>2,580,777</u>	<u>2,686,494</u>

Armfield Limited

Notes to the Financial Statements for the Year Ended 31 December 2010

..... continued

5 Directors' remuneration

The directors' remuneration for the year was as follows

	2010 £	2009 £
Remuneration (including benefits in kind)	558,699	849,697
Company contributions paid to money purchase schemes	<u>35,495</u>	<u>34,766</u>

During the year the number of directors who were receiving benefits and share incentives was as follows

	2010 No	2009 No
Accruing benefits under money purchase pension scheme	<u>3</u>	<u>2</u>

In respect of the highest paid director

	2010 £	2009 £
Remuneration (including benefits in kind)	<u>165,374</u>	<u>323,100</u>

6 Other interest receivable and similar income

	2010 £	2009 £
Bank interest receivable	<u>32,042</u>	<u>26,103</u>

7 Interest payable and similar charges

	2010 £	2009 £
Pension scheme other finance costs	<u>94,000</u>	<u>505,000</u>

Armfield Limited

Notes to the Financial Statements for the Year Ended 31 December 2010

..... continued

8 Taxation

Tax on profit on ordinary activities

	2010 £	2009 £
Current tax		
Corporation tax charge	310,531	129,014
Adjustments in respect of previous years	(61,748)	-
UK Corporation tax	<u>248,783</u>	<u>129,014</u>

Factors affecting current tax charge for the year

Tax on profit on ordinary activities for the year is lower than (2009 - lower than) the standard rate of corporation tax in the UK of 28% (2009 - 28%)

The differences are reconciled below

	2010 £	2009 £
Profit on ordinary activities before taxation	<u>1,739,538</u>	<u>639,490</u>
Corporation tax at standard rate	487,071	179,057
Capital allowance in excess of depreciation	4,119	(1,721)
Over provision in current year	(13)	-
Additional tax relief and expenses not deductible for tax purposes	(202,355)	(42,695)
US taxation	25,698	4,025
Over provision in previous	(61,748)	-
Sale of fixed assets	(3,989)	(3,692)
Marginal relief	-	(5,960)
Total current tax	<u>248,783</u>	<u>129,014</u>

Armfield Limited

Notes to the Financial Statements for the Year Ended 31 December 2010

..... *continued*

9 Tangible fixed assets

Group

	Demo equipment £	Motor vehicles £	Office equipment £	Computer equipment £	Total £
Cost or valuation					
At 1 January 2010	87,170	361,321	211,634	126,949	787,074
Foreign currency retranslation	-	3,600	933	-	4,533
Additions	62,098	58,658	11,479	19,608	151,843
Disposals	-	(107,832)	(7,645)	-	(115,477)
At 31 December 2010	149,268	315,747	216,401	146,557	827,973
Depreciation					
At 1 January 2010	80,787	217,443	183,973	116,036	598,239
Foreign currency retranslation	-	1,224	677	-	1,901
Charge for the year	37,432	73,081	10,801	13,795	135,109
Eliminated on disposals	-	(67,993)	(7,645)	-	(75,638)
At 31 December 2010	118,219	223,755	187,806	129,831	659,611
Net book value					
At 31 December 2010	31,049	91,992	28,595	16,726	168,362
At 31 December 2009	6,383	143,878	27,661	10,913	188,835

Armfield Limited

Notes to the Financial Statements for the Year Ended 31 December 2010

..... *continued*

Company

Cost or valuation

At 1 January 2010

Additions

Disposals

At 31 December 2010

Depreciation

At 1 January 2010

Charge for the year

Eliminated on disposals

At 31 December 2010

Net book value

At 31 December 2010

At 31 December 2009

	Demo equipment £	Motor vehicles £	Furniture and equipment £	Computer equipment £	Total £
	87,171	279,675	190,463	126,949	684,258
	62,097	31,850	3,601	19,608	117,156
	-	(79,464)	-	-	(79,464)
	149,268	232,061	194,064	146,557	721,950
	80,787	189,689	168,616	116,036	555,128
	37,432	59,891	7,770	13,795	118,888
	-	(58,839)	-	-	(58,839)
	118,219	190,741	176,386	129,831	615,177
	31,049	41,320	17,678	16,726	106,773
	6,384	89,986	21,847	10,913	129,130

Armfield Limited

Notes to the Financial Statements for the Year Ended 31 December 2010

..... continued

10 Investments held as fixed assets

Company

	Shares in group undertakings £	Total £
Cost		
At 1 January 2010	187,153	187,153
At 31 December 2010	187,153	187,153
Net book value		
At 31 December 2010	187,153	187,153
At 31 December 2009	187,153	187,153

The original investments in "Armfield" companies was £1,455,153. The investments in those companies above is net of a permanent diminution in value of £1,268,000 which arose following the transfer to the company of the business, assets and liabilities of Armfield Technical Education Company Limited and was charged to the profit and loss account in the year ended 31 December 1989.

Armfield Limited

Notes to the Financial Statements for the Year Ended 31 December 2010

..... continued

Details of undertakings

Details of the investments in which the group holds 20% or more of the nominal value of any class of share capital are as follows

Undertaking	Holding	Proportion of voting rights and shares held	Principal activity
Subsidiary undertakings			
Armfield Inc (incorporated in USA)	Ordinary	100%	Distribution of research & training equipment
Armfield Technical Education Company Ltd (incorporated in England & Wales)	Ordinary	100%	Dormant

Armfield Limited

Notes to the Financial Statements for the Year Ended 31 December 2010

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11 Stocks

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Components	628,699	582,121	628,699	582,121
Finished goods	1,003,133	815,697	1,003,133	815,697
	<u>1,631,832</u>	<u>1,397,818</u>	<u>1,631,832</u>	<u>1,397,818</u>

12 Debtors

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Trade debtors	1,695,285	935,566	1,511,621	650,518
Amounts owed by group undertakings	-	-	-	3,535
Other debtors	49,713	70,287	49,713	70,287
Prepayments and accrued income	101,357	119,890	92,464	91,814
	<u>1,846,355</u>	<u>1,125,743</u>	<u>1,653,798</u>	<u>816,154</u>

13 Creditors: Amounts falling due within one year

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Trade creditors	1,157,438	1,857,854	956,400	1,818,154
Amounts owed to group undertakings	-	-	117,535	-
Corporation tax	284,538	108,675	223,548	108,675
Other taxes and social security	55,499	45,062	51,355	43,476
Other creditors	273,927	285,019	253,987	265,325
Accruals and deferred income	512,235	993,450	512,235	889,949
	<u>2,283,637</u>	<u>3,290,060</u>	<u>2,115,060</u>	<u>3,125,579</u>

14 Creditors: Amounts falling due after more than one year

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Amounts owed to group undertakings	<u>-</u>	<u>-</u>	<u>180,000</u>	<u>180,000</u>

Armfield Limited

Notes to the Financial Statements for the Year Ended 31 December 2010

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15 Share capital

Allotted, called up and fully paid shares

	2010		2009	
	No.	£	No.	£
Ordinary shares of £1 each	<u>101,818</u>	<u>101,818</u>	<u>101,818</u>	<u>101,818</u>

16 Dividends

	2010	2009
	£	£
Dividends paid		
Current year dividend paid	<u>840,000</u>	<u>-</u>

17 Reserves

Group

	Capital redemption reserve £	EMI share option scheme reserve £	Profit and loss account £	Total £
At 1 January 2010	726,182	13,776	376,493	1,116,451
Profit for the year	-	-	1,490,755	1,490,755
Dividends	-	-	(840,000)	(840,000)
Foreign currency translation gains	-	-	18,140	18,140
Actuarial gain on pension schemes	-	-	954,000	954,000
Deferred tax movement on pension scheme deficit	-	-	(283,400)	(283,400)
At 31 December 2010	<u>726,182</u>	<u>13,776</u>	<u>1,715,988</u>	<u>2,455,946</u>

Armfield Limited

Notes to the Financial Statements for the Year Ended 31 December 2010

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Company

	Capital redemption reserve £	EMI share option scheme reserve £	Profit and loss account £	Total £
At 1 January 2010	726,182	13,776	(32,877)	707,081
Profit for the year	-	-	1,378,368	1,378,368
Dividends	-	-	(840,000)	(840,000)
Actuarial gain on pension schemes	-	-	954,000	954,000
Deferred tax movement on pension scheme deficit	-	-	(283,400)	(283,400)
At 31 December 2010	<u>726,182</u>	<u>13,776</u>	<u>1,176,091</u>	<u>1,916,049</u>

18 Reconciliation of movement in shareholders' funds

Group

	2010 £	2009 £
Profit attributable to the members of the group	1,490,755	510,476
Other recognised gains and losses relating to the year	688,740	(847,477)
Dividends	(840,000)	-
Net addition/(reduction) to shareholders' funds	1,339,495	(337,001)
Shareholders' funds at 1 January	1,218,269	1,555,270
Shareholders' funds at 31 December	<u>2,557,764</u>	<u>1,218,269</u>

Company

	2010 £	2009 £
Profit attributable to the members of the company	1,378,368	472,550
Other recognised gains and losses relating to the year	670,600	(827,808)
Dividends	(840,000)	-
Net addition/(reduction) to shareholders' funds	1,208,968	(355,258)
Shareholders' funds at 1 January	808,899	1,164,157
Shareholders' funds at 31 December	<u>2,017,867</u>	<u>808,899</u>

Armfield Limited

Notes to the Financial Statements for the Year Ended 31 December 2010

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19 Pension schemes

Defined contributions pension scheme

The group operates a defined benefit pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £200,815 (2009 - £163,563).

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

Defined benefit pension scheme

The company operates a pension scheme providing benefits based on final pensionable pay.

Most recent actuarial valuation

The most recently completed triennial actuarial valuation was performed by an independent actuary for the trustees of the scheme and was carried out on 31 March 2008.

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the balance sheet are as follows:

	2010 £	2009 £
Fair value of scheme assets	3,986,000	5,038,000
Present value of scheme liabilities	(5,130,000)	(7,193,000)
Defined benefit pension scheme deficit	(1,144,000)	(2,155,000)
Related deferred tax asset	320,000	603,400
Net liability in the balance sheet	(824,000)	(1,551,600)

Scheme assets

Changes in the fair value of scheme assets are as follows:

	2010 £	2009 £
Fair value at start of year	5,038,000	3,384,000
Expected return on assets	229,000	216,000
Actuarial gains and losses	484,000	295,000
Employer contributions	151,000	1,160,000
Benefits paid	(1,916,000)	(17,000)
Fair value at end of year	3,986,000	5,038,000

Armfield Limited

Notes to the Financial Statements for the Year Ended 31 December 2010

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Analysis of assets

The major categories of scheme assets as a percentage of total scheme assets are as follows

	2010 %	2009 %
Equity instruments	81.66	62.49
Property	3.21	2.50
Cash	0.48	22.90
Other assets	14.65	12.11

Actual return on scheme's assets

	2010 £	2009 £
Actual return on scheme assets	713,000	511,000

The overall expected return on assets assumption is derived as the weighted average of the expected returns from each of the main asset classes

Scheme liabilities

Changes in the present value of scheme liabilities are as follows

	2010 £	2009 £
Present value at start of year	7,193,000	5,344,000
Actuarial gains and losses	(470,000)	1,145,000
Interest cost	323,000	347,000
Benefits paid	(1,916,000)	(17,000)
Liabilities extinguished on settlements	-	374,000
Present value at end of year	5,130,000	7,193,000

Principal actuarial assumptions

The principal actuarial assumptions at the balance sheet date are as follows

	2010 %	2009 %
Discount rate	5.45	5.70
Future pension increases	3.45	3.70
Expected return on scheme assets	6.60	6.40

Armfield Limited

Notes to the Financial Statements for the Year Ended 31 December 2010

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Amounts recognised in the profit and loss account

	2010 £	2009 £
Amounts recognised in operating profit		
Losses (gains) on curtailments and settlements	-	374,000
Recognised in arriving at operating profit	-	374,000
Amounts recognised in other finance cost		
Interest cost	323,000	347,000
Expected return on scheme assets	(229,000)	(216,000)
Recognised in other finance cost	94,000	131,000
Total recognised in the profit and loss account	94,000	505,000

Amounts recognised in the statement of total recognised gains and losses

	2010 £	2009 £
Deferred tax movement on pension scheme deficit	(283,400)	15,400
Other actuarial gains (losses)	954,000	(850,000)
Actuarial gains and losses recognised in the Statement of Total Recognised Gains and Losses	670,600	(834,600)

History of experience adjustments on scheme assets and liabilities

Amounts for the current and previous 4 periods are as follows

	2010 £	2009 £	2008 £	2007 £	2006 £
Fair value of scheme assets	3,986,000	5,038,000	3,384,000	4,648,000	4,536,000
Present value of scheme liabilities	(5,130,000)	(7,193,000)	(5,344,000)	(5,223,000)	(5,700,000)
Deficit in scheme	(1,144,000)	(2,155,000)	(1,960,000)	(575,000)	(1,164,000)

Experience adjustments:

	2010 %	2009 %	2008 %	2007 %	2006 %
Experience adjustments arising on scheme assets	12.14%	5.86%	43.2%	3.68%	4.61%
Experience adjustments arising on scheme liabilities	13.25%	0%	1.82%	0%	0.49%

Armfield Limited

Notes to the Financial Statements for the Year Ended 31 December 2010

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20 Commitments

Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £nil (2009 - £112,181)

Other commitments

The group has entered into foreign forward contracts to provide a hedge against foreign currency fluctuations. At 31 December 2010, the company had entered into £970,066 (2009 £792,413) of foreign exchange forward contracts. Any exchange gains or losses will be recorded at the date of the transaction and no provision has been recorded in the financial statements.

Operating lease commitments

As at 31 December 2010 the company had annual commitments under non-cancellable operating leases as follows:

Operating leases which expire

	2010 £	2009 £
Land and buildings		
Within two and five years	75,000	-
Over five years	45,000	120,000
	<u>120,000</u>	<u>120,000</u>
Other		
Within one year	-	1,155
Within two and five years	10,037	10,037
Over five years	1,465	-
	<u>11,502</u>	<u>11,192</u>

21 Analysis of net debt

	At 1 January 2010 £	Cash flow £	At 31 December 2010 £
Cash at bank and in hand	3,347,533	(1,328,681)	2,018,852
Net funds	<u>3,347,533</u>	<u>(1,328,681)</u>	<u>2,018,852</u>

Armfield Limited

Notes to the Financial Statements for the Year Ended 31 December 2010

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22 Related party transactions

Other related party transactions

During the year the company made the following related party transactions

(Transactions with directors)

During the year the group paid rent to the directors C J Addis and S F Farrow, and their wives, which amounted to £69,000 (2009 £69,000)

During the year the group paid the following dividends to its directors C J Addis £420,000 (2009 £nil) and S F Farrow £420,000 (2009 £nil)

23 Control

The directors C J Addis and S F Farrow control the group by virtue of their shareholdings