

ROTADYNE (UK) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

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ROTADYNE (UK) LIMITED

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ROTADYNE (UK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2009

The directors present their report and the financial statements for the year ended 31 December 2009

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 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 judgments and estimates that are reasonable and prudent,
- 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.

PRINCIPAL ACTIVITIES

The principal activity of the company is the manufacture of rollers for the graphic arts and other industries.

DIRECTORS

The directors who served during the year were

E J Nykiel
J R Hickey

None of the directors had any interest in the shares of the company during the year.

PROVISION OF INFORMATION TO AUDITOR

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information

ROTADYNE (UK) LIMITED

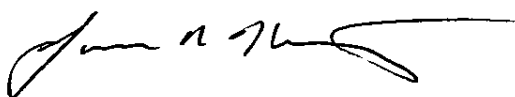
**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2009**

AUDITOR

The auditor, Horwath Clark Whitehill LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006

This report was approved by the board on 29 April 2010 and signed on its behalf



J R Hickey
Director

ROTADYNE (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ROTADYNE (UK) LIMITED

We have audited the financial statements of Rotadyne (UK) Limited for the year ended 31 December 2009, set out on pages 5 to 12. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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 AUDITOR

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 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 December 2009 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

EMPHASIS OF MATTER

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the reliance of the company on the continued support of the providers of working capital and in particular the dependence of the support on the achievement of forecasts produced by the directors. In view of the significance of this uncertainty we consider that it should be drawn to your attention. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

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.

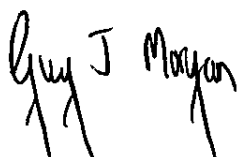
ROTADYNE (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ROTADYNE (UK) 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, 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



Guy J Morgan (Senior statutory auditor)

for and on behalf of

HORWATH CLARK WHITEHILL LLP

Statutory Auditor

Hatherton House
Hatherton Street
Walsall
West Midlands
WS1 1YB

29 April 2010

ROTADYNE (UK) LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2009**

	Note	2009 £	2008 £
TURNOVER	1,2	2,192,770	2,630,563
Cost of sales		<u>(1,196,679)</u>	<u>(1,387,755)</u>
GROSS PROFIT		996,091	1,242,808
Selling and distribution costs		(869,866)	(774,575)
Administrative expenses		(464,142)	(347,556)
Other operating income	3	<u>18,000</u>	<u>32,148</u>
OPERATING (LOSS)/PROFIT	4	(319,917)	152,825
Interest receivable		<u>-</u>	<u>2,765</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(319,917)	155,590
Tax on (loss)/profit on ordinary activities	5	<u>-</u>	<u>-</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	11	<u>(319,917)</u>	<u>155,590</u>

The notes on pages 7 to 12 form part of these financial statements

ROTADYNE (UK) LIMITED
REGISTERED NUMBER. 2739202

BALANCE SHEET
AS AT 31 DECEMBER 2009

	Note	2009 £	2008 £
FIXED ASSETS			
Tangible fixed assets	6	115,276	94,303
CURRENT ASSETS			
Stocks		891,795	929,050
Debtors	7	582,354	654,144
Cash at bank and in hand		300	32,451
		<u>1,474,449</u>	<u>1,615,645</u>
CREDITORS amounts falling due within one year	8	<u>(708,424)</u>	<u>(446,158)</u>
NET CURRENT ASSETS		<u>766,025</u>	<u>1,169,487</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>881,301</u>	<u>1,263,790</u>
CREDITORS: amounts falling due after more than one year	9	<u>(3,464,316)</u>	<u>(3,526,888)</u>
NET LIABILITIES		<u><u>(2,583,015)</u></u>	<u><u>(2,263,098)</u></u>
CAPITAL AND RESERVES			
Called up share capital	10	350,005	350,005
Share premium account	11	1	1
Profit and loss account	11	<u>(2,933,021)</u>	<u>(2,613,104)</u>
SHAREHOLDERS' DEFICIT		<u><u>(2,583,015)</u></u>	<u><u>(2,263,098)</u></u>

The financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 April 2010



J R Hickey
Director

The notes on pages 7 to 12 form part of these financial statements

ROTADYNE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

The immediate parent undertaking has given an undertaking of its intention to provide financial support to the company, for the foreseeable future, to enable it to meet its financial liabilities as they fall due. The financial statements have therefore been prepared on the going concern basis.

1.2 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

1.3 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold Improvements	-	Over term of Lease
Plant & machinery	-	5 - 10 years
Fixtures & fittings	-	10 years
Computer equipment	-	3 - 5 years

1.5 Operating leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.6 Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

ROTADYNE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

1. ACCOUNTING POLICIES (continued)

1.7 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted

1.8 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the Profit and loss account

1.9 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year

2. TURNOVER

24.9% of the company's turnover (2008 - 33.6%) is attributable to geographical markets outside the United Kingdom

3. OTHER OPERATING INCOME

	2009 £	2008 £
Net rents receivable	18,000	32,148

ROTADYNE (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

4. OPERATING (LOSS)/PROFIT

The operating (loss)/profit is stated after charging

	2009 £	2008 £
Depreciation of tangible fixed assets - owned by the company	41,831	56,793
Auditors' remuneration	12,000	11,330
	<u>53,831</u>	<u>68,123</u>

During the year, no director received any emoluments (2008 - £NIL)

5. TAXATION

Factors affecting tax charge for the year

There were no factors that affected the tax charge for the year which has been calculated on the profits on ordinary activities before tax at the standard rate of corporation tax in the UK of 28% (2008 - 28.5%)

Factors that may affect future tax charges

The company has unutilised trading losses to carry forward of £3,611,457

6. TANGIBLE FIXED ASSETS

	Leasehold Improvements £	Plant and equipment £	Computer equipment £	Total £
Cost				
At 1 January 2009	76,657	546,096	47,602	670,355
Additions	19,350	43,454	-	62,804
	<u>96,007</u>	<u>589,550</u>	<u>47,602</u>	<u>733,159</u>
Depreciation				
At 1 January 2009	44,705	488,815	42,532	576,052
Charge for the year	19,632	21,279	920	41,831
	<u>64,337</u>	<u>510,094</u>	<u>43,452</u>	<u>617,883</u>
Net book value				
At 31 December 2009	31,670	79,456	4,150	115,276
At 31 December 2008	31,952	57,281	5,070	94,303

ROTADYNE (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

7. DEBTORS

	2009 £	2008 £
Trade debtors	469,928	513,387
Amounts owed by group undertakings	1,170	-
Other debtors	111,256	140,757
	<u>582,354</u>	<u>654,144</u>

**8. CREDITORS:
Amounts falling due within one year**

	2009 £	2008 £
Bank loans and overdrafts	22,689	-
Trade creditors	145,718	155,336
Amounts owed to group undertakings	460,748	214,898
Social security and other taxes	53,896	33,664
Other creditors	25,373	42,260
	<u>708,424</u>	<u>446,158</u>

**9 CREDITORS:
Amounts falling due after more than one year**

	2009 £	2008 £
Amounts owed to group undertakings	<u>3,464,316</u>	<u>3,526,888</u>

10. SHARE CAPITAL

	2009 £	2008 £
Allotted, called up and fully paid 350,005 Ordinary shares of £1 each	<u>350,005</u>	<u>350,005</u>

ROTADYNE (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

11. RESERVES

	Share premium account £	Profit and loss account £
At 1 January 2009	1	(2,613,104)
Loss for the year		(319,917)
At 31 December 2009	<u>1</u>	<u>(2,933,021)</u>

12. CAPITAL COMMITMENTS

At 31 December 2009 the company had capital commitments as follows

	2009 £	2008 £
Contracted for but not provided in these financial statements	<u>-</u>	<u>-</u>

13. PENSION COMMITMENTS

The company operates a defined contribution pension scheme the assets of which are held separately from those of the company in an independently administered fund

The pension cost charge represents contributions payable by the company to the scheme and amounted to £2,700 (2008 £2,700)

14. OPERATING LEASE COMMITMENTS

At 31 December 2009 the company had annual commitments under non-cancelable operating leases as follows

	2009 £	2008 £
Expiry date:		
Within 1 year	2,500	2,500
Between 2 and 5 years	95,610	95,610
After more than 5 years	<u>36,800</u>	<u>36,800</u>

15. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in paragraph 3C of FRS 8 from disclosing transactions with related parties that are part of the Rotation Dynamics Corporation

ROTADYNE (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

16. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The directors regard Ideal Industries, a general partnership located in the United States of America as the ultimate holding entity

The immediate parent company is Rotation Dynamics Corporation, a company incorporated in the United States of America. Rotation Dynamics Corporation heads the only group in which results of this company are consolidated. These consolidated accounts can be obtained from Rotation Dynamics Corporation, 8140 Cass Avenue, Darien, Illinois 60561, USA