

Autogard Holdings Limited
CONSOLIDATED FINANCIAL STATEMENTS
for the year ended
31 January 2010



Autogard Holdings Limited

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

M W Griffiths
W J Howgego

REGISTERED OFFICE

2 Wilkinson Road
Love Lane Industrial Estate
Cirencester
Gloucestershire
GL7 1YT

AUDITOR

Baker Tilly UK Audit LLP
Chartered Accountants
Hartwell House
55-61 Victoria Street
Bristol
BS1 6AD

BANKERS

HSBC Bank plc
PO Box 120
49 Corn Street
Bristol
BS99 7PP

SOLICITORS

Willans
28 Imperial Square
Cheltenham
Gloucestershire
GL50 1RH

Autogard Holdings Limited

DIRECTORS' REPORT

The directors submit their report and financial statements of Autogard Holdings Limited for the year ended 31 January 2010

PRINCIPAL ACTIVITIES

The principal activity of the group during the year was the manufacture of power transmission products. The principal activity of the company during the year was the management and controlling of investments and the provision of management services to other group companies.

REVIEW OF THE BUSINESS AND FUTURE PLANS

Trading for the group in the year ending 31st January 2010 was robust. Operating profits rose by nearly 19% to reach approximately £1.2 million. After restructuring costs and taxation the group reported a post tax profit in the region of £540,000. This improving profile of profitability translated into strong cash flow. Net cash flow generated from operating activities exceeded £1.4 million. After payment of taxation this translated a net debt position at the beginning of the financial year of £467,000 into a net cash position of £616,000 by year end.

Overall, therefore, the financial year continued the trend of improving profitability which began in the middle of 2008. There are, of course, still strong headwinds in many of our important export markets as well as the UK itself. However the group is well placed to counter these issues and make solid progress in 2010 and beyond.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £540,846. Particulars of dividends paid are detailed in note 12 to the financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

The group faces risks and uncertainties common to all UK based exporters. These risks and uncertainties include the following (which is not an exhaustive list):

- Rising interest rates
- A double dip recession in the UK and USA
- A steep fall in a number of our major export markets
- A rapid escalation in transport costs

Autogard has faced these risks over the last two years of global recession and has improved profitability in that time. We are therefore confident that we have robust strategies in place to counter such risks. However an extended second recession would inevitably adversely impact Autogard's business in common with all other trading organizations.

DIRECTORS

The directors who served the company during the year were as follows:

M W Griffiths	(Appointed 20 November 2009)
W J Howgego	(Appointed 1 August 2009)
M R Hutchings	(Resigned 20 November 2009)

Autogard Holdings Limited

DIRECTORS' REPORT

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

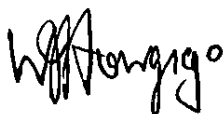
The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

AUDITOR

During the year Robson Taylor LLP merged with Baker Tilly UK Audit LLP. The newly-merged firm has expressed its willingness to continue in office and a resolution to reappoint Baker Tilly UK Audit LLP will be proposed at the annual general meeting.

On behalf of the board

W J Howgego
Director



27/10/2010

Autogard Holdings Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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 those financial statements, the directors are required to

- a select suitable accounting policies and then apply them consistently,
- b make judgements and accounting estimates that are reasonable and prudent,
- c prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and 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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF AUTOGARD HOLDINGS LIMITED

We have audited the group and parent company financial statements ("the financial statements") 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 member, 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 member 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 member as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 4, 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

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

Opinion on the 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 January 2010 and 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 matters 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.

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.

Baker Tilly UK Audit LLP

RUTH FOREMAN (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Chartered Accountants

Hartwell House

55-61 Victoria Street

Bristol BS1 6AD

29 October 2010

Autogard Holdings Limited
GROUP PROFIT AND LOSS ACCOUNT
for the year ended 31 January 2010

		2010	2009
	Notes	£	£
TURNOVER	2	6,480,879	8,022,630
Cost of sales		(3,070,488)	(4,355,609)
Gross profit		3,410,391	3,667,021
Administrative expenses		(2,248,193)	(2,701,917)
Other operating income	3	29,779	37,859
OPERATING PROFIT	4	1,191,977	1,002,963
Cost of restructuring the company	7	(299,130)	–
Loss on disposal of investments	8	–	(8,943)
		892,847	994,020
Interest payable and similar charges	9	(23,500)	(70,471)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		869,347	923,549
Taxation	10	(328,501)	(255,918)
PROFIT FOR THE FINANCIAL YEAR	11	540,846	667,631

The profit for the year arises from the group's continuing operations. No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account.

The company has taken advantage of section 408 of the Companies Act 2006 not to publish its own profit and loss account.

Autogard Holdings Limited
GROUP BALANCE SHEET
31 January 2010

	Notes	2010 £	2009 £
FIXED ASSETS			
Intangible assets	13	137,712	150,380
Tangible assets	14	215,796	314,931
		<u>353,508</u>	<u>465,311</u>
CURRENT ASSETS			
Stocks	16	1,523,555	1,733,716
Debtors	17	1,349,611	1,791,865
Cash at bank and in hand		1,298,654	757,134
		<u>4,171,820</u>	<u>4,282,715</u>
CREDITORS			
Amounts falling due within one year	19	(2,205,051)	(2,153,830)
NET CURRENT ASSETS		<u>1,966,769</u>	<u>2,128,885</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,320,277</u>	<u>2,594,196</u>
CREDITORS			
Amounts falling due after more than one year	20	(154,589)	(294,756)
NET ASSETS		<u>2,165,688</u>	<u>2,299,440</u>
CAPITAL AND RESERVES			
Called up share capital	24	121	100,117
Share premium account	25	335,824	274,988
Other reserves	25	225,984	225,984
Profit and loss account	25	1,603,759	1,698,351
SHAREHOLDER'S FUNDS	26	<u>2,165,688</u>	<u>2,299,440</u>

The financial statements on pages 6 to 23 were approved by the board of directors and authorised for issue on
and are signed on their behalf by

27/10/2010

W J Howgego
Director



Autogard Holdings Limited
BALANCE SHEET
31 January 2010

	<i>Notes</i>	2010 £	2009 £
FIXED ASSETS			
Tangible assets	14	82,274	120,187
Investments	15	339,673	339,673
		<u>421,947</u>	<u>459,860</u>
CURRENT ASSETS			
Debtors	17	654,560	278,457
Cash at bank and in hand		655,074	479,877
		<u>1,309,634</u>	<u>758,334</u>
CREDITORS			
Amounts falling due within one year	19	(1,015,426)	(175,975)
NET CURRENT ASSETS		<u>294,208</u>	<u>582,359</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>716,155</u>	<u>1,042,219</u>
CREDITORS			
Amounts falling due after more than one year	20	(145,078)	(457,821)
PROVISIONS FOR LIABILITIES			
Deferred taxation	18	(8,254)	(8,254)
		<u>562,823</u>	<u>576,144</u>
CAPITAL AND RESERVES			
Called up share capital	24	121	100,117
Share premium account	25	335,824	274,988
Profit and loss account	25	226,878	201,039
SHAREHOLDER'S FUNDS		<u>562,823</u>	<u>576,144</u>

The financial statements on pages 6 to 23 were approved by the board of directors and authorised for issue on
and are signed on their behalf by

27/10/2010

W J Howgego
Director



Autogard Holdings Limited
CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 January 2010

		2010	2009
	<i>Notes</i>	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	27 a	1,453,976	1,068,664
Returns on investments and servicing of finance	27 b	(23,500)	(79,414)
Taxation	27 b	(380,844)	(92,890)
Capital expenditure and financial investment	27 b	(3,591)	(104,811)
CASH INFLOW BEFORE FINANCING		<u>1,046,041</u>	<u>791,549</u>
Financing	27 b	(531,597)	(361,688)
INCREASE IN CASH IN THE PERIOD		<u>514,444</u>	<u>429,861</u>
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS			
		2010	2009
		£	£
Increase in cash in the period		514,444	429,861
Net cash outflow from/(inflow) from other loans		447,393	(356,560)
Net cash (inflow) from/outflow from bank loans		(30,959)	893,647
Cash outflow in respect of finance leases		19,944	(44,340)
Net cash outflow from/(inflow) from other long-term creditors		56,059	(131,059)
CHANGE IN NET FUNDS RESULTING FROM CASH FLOWS	27 c	<u>1,006,881</u>	<u>791,549</u>
Translation differences		76,366	(130,961)
MOVEMENT IN NET FUNDS IN THE PERIOD		<u>1,083,247</u>	<u>660,588</u>
Net debt at 1 February 2009	27 c	(467,570)	(1,128,158)
Net funds at 31 January 2010	27 c	<u>615,677</u>	<u>(467,570)</u>

Autogard Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 January 2010

1 ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over five years from the year of acquisition. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

TURNOVER

Turnover represents amounts receivable for goods and services net of VAT and trade discounts. Turnover is recognised upon despatch of a product that has been developed and/or manufactured.

DEVELOPMENT COSTS

Development costs are initially stated at cost and are then amortised in equal annual instalments over their estimated useful lives.

AMORTISATION

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Goodwill	- 20 years straight line
Development costs	- 10 years straight line

FIXED ASSETS

All fixed assets are initially recorded at cost.

DEPRECIATION

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold improvements	- 5 years straight line
Plant and machinery	- 3-10 years straight line
Fixtures, fittings and equipment	- 3-10 years straight line
Motor vehicles	- 3-5 years straight line

STOCKS

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

WORK IN PROGRESS

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Autogard Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 January 2010

1 ACCOUNTING POLICIES *(continued)*

FINANCE LEASE AGREEMENTS

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments.

OPERATING LEASE AGREEMENTS

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

PENSION COSTS

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

FOREIGN CURRENCIES

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

FINANCIAL INSTRUMENTS

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Autogard Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 January 2010

2 TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the group

An analysis of turnover is given below

	2010	2009
	£	£
United Kingdom	701,585	875,940
United States of America	2,479,471	2,895,455
Australia	552,285	605,317
Japan	259,302	526,043
Rest of World	2,488,236	3,119,875
	<u>6,480,879</u>	<u>8,022,630</u>

3 OTHER OPERATING INCOME

	2010	2009
	£	£
Other operating income	<u>29,779</u>	<u>37,859</u>

4 OPERATING PROFIT

Operating profit is stated after charging/(crediting)

	2010	2009
	£	£
Amortisation of intangible assets	12,111	15,546
Depreciation of owned fixed assets	51,344	53,743
Depreciation of assets held under finance lease agreements	18,550	15,650
Loss on disposal of fixed assets	1,870	35,108
Auditor's remuneration		
- as auditor	9,810	10,250
Operating lease costs		
- Land and buildings	108,119	106,689
- Other	18,735	15,162
Net profit on foreign currency translation	<u>(31,760)</u>	<u>(78,090)</u>

5 PARTICULARS OF EMPLOYEES

The average number of staff employed by the group during the financial year was

	2010	2009
	No	No
Manufacturing	20	22
Sales	6	6
Administration	31	33
	<u>57</u>	<u>61</u>

The aggregate payroll costs of the above, including directors, were

	2010	2009
	£	£
Wages and salaries	1,397,746	1,779,686
Social security costs	174,042	195,330
Other pension costs	83,639	69,651
	<u>1,655,427</u>	<u>2,044,667</u>

Autogard Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 January 2010

6 DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were

	2010	2009
	£	£
Remuneration receivable	64,981	197,036
Value of company pension contributions to money purchase schemes	—	21,223
	<u>64,981</u>	<u>218,259</u>

The number of directors who accrued benefits under company pension schemes was as follows

	2010	2009
	No	No
Money purchase schemes	<u>—</u>	<u>1</u>

7 COST OF REORGANISATION OR RESTRUCTURING

	2010	2009
	£	£
Restructuring costs	<u>299,130</u>	<u>—</u>

8 LOSS ON DISPOSAL OF INVESTMENTS

	2010	2009
	£	£
On other fixed asset investments	<u>—</u>	<u>(8,943)</u>

9 INTEREST PAYABLE AND SIMILAR CHARGES

	2010	2009
	£	£
On bank loans and overdrafts	22,797	37,316
On finance leases	703	3,425
On other loans	—	29,730
	<u>23,500</u>	<u>70,471</u>

Autogard Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 January 2010

10 TAXATION ON ORDINARY ACTIVITIES

Analysis of charge in the year

	2010 £	2009 £
Current tax		
In respect of the year		
UK Corporation tax based on the results for the year at 28% (2009 - 28%)	74,678	62,544
Foreign tax on income for the year	282,492	146,997
Total current tax	357,170	209,541
Deferred tax		
Origination and reversal of timing differences	(28,669)	46,377
Tax on profit on ordinary activities	328,501	255,918

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 28% (2009 - 28%), as explained below

	2010 £	2009 £
Profit on ordinary activities before taxation	869,347	923,549
Profit on ordinary activities by rate of tax	243,417	258,594
Effects of		
Expenses not deductible for tax purposes	13,674	6,773
Depreciation in excess of capital allowances	4,756	1,484
Utilisation of tax losses	-	(47,861)
Marginal relief	(3,757)	(12,719)
Income not chargeable for tax purposes	(859)	-
Foreign tax at a higher rate	79,474	19,649
Other short-term timing differences	21,919	(16,379)
Sundry tax adjusting items	(1,454)	-
Total current tax (note 10(a))	357,170	209,541

11 PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The profit dealt with in the financial statements of the parent company was £575,829 (2009 - £73,837)

12 DIVIDENDS

Equity dividends		
	2010 £	2009 £
Paid during the year		
Dividends per 'A' ordinary share £47.14 (2009 £-)	462,000	-
Dividends per 'B' ordinary share £47.14 (2009 £-)	82,490	-
Dividends per 'C' ordinary share £47.14 (2009 £-)	5,500	-
	549,990	-

Autogard Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 January 2010

13 INTANGIBLE FIXED ASSETS

Group	Goodwill £	Development costs £	Total £
Cost			
At 1 February 2009	207,397	22,575	229,972
Disposals	—	(3,420)	(3,420)
At 31 January 2010	<u>207,397</u>	<u>19,155</u>	<u>226,552</u>
Amortisation			
At 1 February 2009	69,987	9,605	79,592
Charge for the year	10,368	1,537	11,905
On disposals	—	(2,657)	(2,657)
At 31 January 2010	<u>80,355</u>	<u>8,485</u>	<u>88,840</u>
Net book value			
At 31 January 2010	<u>127,042</u>	<u>10,670</u>	<u>137,712</u>
At 31 January 2009	<u>137,410</u>	<u>12,970</u>	<u>150,380</u>

14 TANGIBLE FIXED ASSETS

Group	Leasehold improvements £	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost					
At 1 February 2009	115,980	604,464	590,527	125,971	1,436,942
Additions	—	—	718	—	718
Disposals	—	—	—	(17,039)	(17,039)
Foreign exchange	—	(6,232)	(594)	246	(6,580)
At 31 January 2010	<u>115,980</u>	<u>598,232</u>	<u>590,651</u>	<u>109,178</u>	<u>1,414,041</u>
Depreciation					
At 1 February 2009	69,875	417,999	561,564	72,573	1,122,011
Charge for the year	23,124	45,660	11,762	14,493	95,039
On disposals	—	—	—	(18,805)	(18,805)
At 31 January 2010	<u>92,999</u>	<u>463,659</u>	<u>573,326</u>	<u>68,261</u>	<u>1,198,245</u>
Net book value					
At 31 January 2010	<u>22,981</u>	<u>134,573</u>	<u>17,325</u>	<u>40,917</u>	<u>215,796</u>
At 31 January 2009	<u>46,105</u>	<u>186,465</u>	<u>28,963</u>	<u>53,398</u>	<u>314,931</u>

Finance lease agreements

Included within the net book value of £215,796 is £72,749 (2009 - £91,298) relating to assets held under finance lease agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £18,550 (2009 - £15,650).

Autogard Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 January 2010

14 TANGIBLE FIXED ASSETS *(continued)*

Company	Leasehold improvements £	Plant and machinery £	Total £
Cost			
At 1 February 2009	<u>115,980</u>	<u>147,871</u>	<u>263,851</u>
At 31 January 2010	<u>115,980</u>	<u>147,871</u>	<u>263,851</u>
Depreciation			
At 1 February 2009	69,875	73,789	143,664
Charge for the year	<u>23,124</u>	<u>14,789</u>	<u>37,913</u>
At 31 January 2010	<u>92,999</u>	<u>88,578</u>	<u>181,577</u>
Net book value			
At 31 January 2010	<u>22,981</u>	<u>59,293</u>	<u>82,274</u>
At 31 January 2009	<u>46,105</u>	<u>74,082</u>	<u>120,187</u>

Finance lease agreements

Included within the net book value of £82,274 is £56,799 (2009 - £70,998) relating to assets held under finance lease agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £14,200 (2009 - £14,200).

15 INVESTMENTS

Company	Group companies £
Cost	
At 1 February 2009 and 31 January 2010	<u>2,039,673</u>
Amounts written off	
At 1 February 2009 and 31 January 2010	<u>1,700,000</u>
Net book value	
At 31 January 2010 and 31 January 2009	<u>339,673</u>

Autogard Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 January 2010

	Country of incorporation	Holding	Proportion of voting rights and shares held	Nature of business
SUBSIDIARY UNDERTAKINGS				
<i>Held by the company</i>				
British Autogard Limited	United Kingdom	Ordinary shares	100%	Manufacture and sale of power transmission products
American Autogard Inc	USA	Ordinary shares	100%	Manufacture and sale of power transmission products
Autogard Italia S R L	Italy	Ordinary shares	100%	Sale of power transmission products
Autogard Kupplungen GmbH	Germany	Ordinary shares	100%	Sale of power transmission products
Autogard Asia Pacific Pty Ltd	Australia	Ordinary shares	100%	Sale of power transmission products
Autogard Electronics Limited	United Kingdom	Ordinary shares	100%	Dormant
Autogard Hungary Kft	Hungary	Ordinary shares	100%	Dormant
Landover Limited*	United Kingdom	Ordinary shares	100%	Dormant
<i>Held by Landover Limited</i>				
Scalagold Limited*	United Kingdom	Ordinary shares	100%	Dormant

*Note Landover Limited and Scalagold Limited were subsequently dissolved on 18 May 2010

16 STOCKS

	2010	Group 2009	2010	Company 2009
	£	£	£	£
Work in progress	374,645	475,877	—	—
Finished goods	1,148,910	1,257,839	—	—
	<u>1,523,555</u>	<u>1,733,716</u>	<u>—</u>	<u>—</u>

17 DEBTORS

	2010	Group 2009	2010	Company 2009
	£	£	£	£
Trade debtors	1,020,203	1,545,066	—	—
Amounts owed by group undertakings	—	—	638,705	278,457
Other debtors	32,779	20,154	15,855	—
Deferred taxation (Note 18)	63,282	41,126	—	—
Prepayments and accrued income	233,347	185,519	—	—
	<u>1,349,611</u>	<u>1,791,865</u>	<u>654,560</u>	<u>278,457</u>

Autogard Holdings Limited

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17 DEBTORS *(continued)*

The debtors above include the following amounts falling due after more than one year

	2010	Group 2009	2010	Company 2009
	£	£	£	£
Amounts owed by group undertakings	<u>—</u>	<u>—</u>	<u>—</u>	<u>278,457</u>

18 DEFERRED TAXATION

The movement in the deferred taxation asset during the year was

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Asset/(provision) brought forward	41,126	-	(8,254)	-
Increase/(decrease) in asset	28,669	41,126	-	(8,254)
Effect of foreign exchange	(6,513)	-	-	-
Asset/(provision) carried forward	<u>63,282</u>	<u>41,126</u>	<u>(8,254)</u>	<u>(8,254)</u>

The group's asset for deferred taxation consists of the tax effect of timing differences in respect of

Group	2010		2009	
	Provided	Unprovided	Provided	Unprovided
	£	£	£	£
Excess of taxation allowances over depreciation on fixed assets	(20,951)	-	(28,365)	-
Other timing differences	84,233	-	69,491	-
	<u>63,282</u>	<u>-</u>	<u>41,126</u>	<u>-</u>

The company's asset for deferred taxation consists of the tax effect of timing differences in respect of

Company	2010		2009	
	Provided	Unprovided	Provided	Unprovided
	£	£	£	£
Excess of taxation allowances over depreciation on fixed assets	<u>(8,254)</u>	<u>-</u>	<u>(8,254)</u>	<u>-</u>

Autogard Holdings Limited

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19 CREDITORS amounts falling due within one year

	2010	Group 2009	2010	Company 2009
	£	£	£	£
Other loans	50,000	497,393	50,000	50,000
Bank loans and overdrafts	442,763	403,401	50,000	50,000
Trade creditors	412,510	525,345	–	–
Amounts owed to group undertakings	–	–	178,741	–
Obligations under finance lease agreements	35,625	29,154	16,660	20,000
Corporation tax	173,967	134,663	46,203	39,606
PAYE and social security	25,041	66,200	–	–
VAT	1,787	26,964	–	–
Other creditors	706,060	186,698	570,154	–
Accruals and deferred income	357,298	284,012	103,668	16,369
	<u>2,205,051</u>	<u>2,153,830</u>	<u>1,015,426</u>	<u>175,975</u>

The bank loan is secured by a fixed and floating charge over the assets of the company. Net obligations under finance lease and hire purchase contracts are secured by fixed charges on the assets held by its subsidiary, British Autogard Limited.

20 CREDITORS amounts falling due after more than one year

	2010	Group 2009	2010	Company 2009
	£	£	£	£
Bank loans	79,589	137,282	70,078	122,551
Amounts owed to group undertakings	–	–	–	195,274
Obligations under finance lease agreements	–	26,415	–	14,996
Other creditors	75,000	131,059	75,000	125,000
	<u>154,589</u>	<u>294,756</u>	<u>145,078</u>	<u>457,821</u>

The bank loan is secured by a fixed and floating charge over the assets of the company. Net obligations under finance lease and hire purchase contracts are secured by fixed charges on the assets held by its subsidiary, British Autogard Limited.

21 PENSIONS

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

	2010 £	2009 £
Contributions payable by group companies for the year	<u>69,651</u>	<u>23,207</u>

Autogard Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 January 2010

22 COMMITMENTS UNDER OPERATING LEASES

At 31 January 2010 the group had annual commitments under non-cancellable operating leases as set out below

Group	2010		2009	
	Land and buildings £	Other items £	Land and buildings £	Other items £
Operating leases which expire				
Within 1 year	67,034	524	-	2,096
Within 2 to 5 years	-	7,456	73,048	-
	<u>67,034</u>	<u>7,980</u>	<u>73,048</u>	<u>2,096</u>

23 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in the Financial Reporting Standard 8 Related Parties and has not disclosed details of transactions with other companies in its group. No transactions were undertaken with other related parties requiring disclosure under Financial Reporting Standard 8.

24 SHARE CAPITAL

	2010 £	2009 £
Allotted, called up and fully paid		
9,800 (2009 - 8,771) Ordinary 'A' shares of £0.01 each	98	88
1,750 (2009 - 1,729) Ordinary 'B' shares of £0.01 each	18	17
585 (2009 - 1,167) Ordinary 'C' shares of £0.01 each	6	12
Nil (2009 - 100,000) Preference shares of £1 each	-	100,000
	<u>121</u>	<u>100,117</u>

On 12 February 2009, the 100,000 £1.00 preference shares then in issue were redeemed at par. On the same date, the 1,729 'B' £0.01 shares then in issue were redesignated as 1,729 'A' £0.01 shares, the 1,167 'C' £0.01 shares then in issue were redesignated as 1,167 'B' £0.01 shares, 583 'A' £0.01 issued shares were redesignated as 583 'B' £0.01 shares, and a further 117 'A' £0.01 issued shares were redesignated as 117 'C' £0.01 shares. On 28 January 2010, 468 'C' £0.01 shares were issued for total consideration of £60,840, giving rise to share premium of £60,836. The 'A' Shares, 'B' Shares and 'C' Shares rank *pari passu*.

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25 RESERVES

Group	Share premium account £	Capital reserve £	Profit and loss account £
Balance brought forward	274,988	225,984	1,698,351
Profit for the year	—	—	540,846
Equity dividends	—	—	(549,990)
Foreign exchange	—	—	(85,448)
Other movements	—	—	—
New equity share capital subscribed	60,836	—	—
Balance carried forward	<u>335,824</u>	<u>225,984</u>	<u>1,603,759</u>

Company	Share premium account £	Profit and loss account £
Balance brought forward	274,988	201,039
Profit for the year	—	575,829
Equity dividends	—	(549,990)
Other movements	—	—
New equity share capital subscribed	60,836	—
Balance carried forward	<u>335,824</u>	<u>226,878</u>

26 RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2010 £	2009 £
Profit for the financial year	540,846	667,631
New equity share capital subscribed	4	—
Premium on new share capital subscribed	60,836	—
Purchase of own ordinary shares	(100,000)	—
Equity dividends	(549,990)	—
Foreign exchange	(85,448)	329,019
Net (reduction)/addition to shareholder's funds	(133,752)	996,650
Opening shareholder's funds	<u>2,299,440</u>	<u>1,302,790</u>
Closing shareholder's funds	<u>2,165,688</u>	<u>2,299,440</u>

Autogard Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS
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27 CASH FLOWS

a Reconciliation of operating profit to net cash inflow from operating activities

	2010	2009
	£	£
Operating profit	1,191,977	1,002,963
Amortisation	11,905	15,193
Depreciation	95,039	89,506
Loss on disposal of fixed assets	1,870	35,108
Decrease/(increase) in stocks	210,161	(258,261)
Decrease/(increase) in debtors	533,901	(553,505)
(Decrease)/increase in creditors	(136,513)	272,682
(Gain)/loss on foreign currency retranslation on debt	(76,366)	130,961
Re-organisation costs	(299,130)	—
(Gain)/loss on foreign currency retranslation on other items	(78,868)	334,017
Net cash inflow from operating activities	<u>1,453,976</u>	<u>1,068,664</u>

b Analysis of cash flows for headings netted in the cash flow

Returns on investment and servicing of finance

	2010	2009
	£	£
Income from other fixed asset investments	—	(8,943)
Interest paid	(22,797)	(67,046)
Interest element of finance leases	(703)	(3,425)
Net cash outflow from returns on investments and servicing of finance	<u>(23,500)</u>	<u>(79,414)</u>

Taxation

	2010	2009
	£	£
Taxation	<u>(380,844)</u>	<u>(92,890)</u>

Capital expenditure

	2010	2009
	£	£
Payments to acquire tangible fixed assets	(718)	(104,828)
Receipts from sale of fixed assets	(2,873)	17
Net cash outflow from capital expenditure	<u>(3,591)</u>	<u>(104,811)</u>

Financing

	2010	2009
	£	£
Issue of equity share capital	4	—
Share premium on issue of equity share capital	60,836	—
Purchase of own equity shares	(100,000)	—
(Repayment of)/increase in other loans	(447,393)	356,560
Repayment of bank loans	30,959	(893,647)
Capital element of finance leases	(19,944)	44,340
Net (outflow)/inflow from other long-term creditors	(56,059)	131,059
Net cash outflow from financing	<u>(531,597)</u>	<u>(361,688)</u>

Autogard Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 January 2010

27 CASH FLOWS *(continued)*

c Analysis of net funds

	At 1 Feb 2009	Cash flows	Exchange movement	At 31 Jan 2010
	£	£	£	£
Cash in hand and at bank	757,134	514,444	27,076	1,298,654
Debt due within 1 year	(900,794)	358,741	49,290	(492,763)
Debt due after 1 year	(268,341)	113,752	—	(154,589)
Finance lease agreements	(55,569)	19,944	—	(35,625)
	<u>(1,224,704)</u>	<u>492,437</u>	<u>49,290</u>	<u>(682,977)</u>
Total	<u>(467,570)</u>	<u>1,006,881</u>	<u>76,366</u>	<u>615,677</u>

28 PARENT COMPANY AND CONTROLLING PARTY

The ultimate parent company is AG Power Transmission Holdings Limited, a company incorporated in Canada. The ultimate controlling party is M R Hutchings by virtue of his ownership of the entire issued share capital of that company.