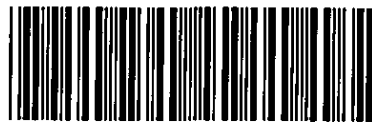


Company Registration No. SC122590 (Scotland)

CARLINGNOSE LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 31 MAY 2010

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COMPANIES HOUSE

CARLINGNOSE LIMITED

DIRECTORS AND ADVISERS

Directors	Mr Philip G Dryburgh Mrs Karen J E Dryburgh Mr Steven A Grossi
Secretary	Mrs Karen J E Dryburgh
Company number	SC122590
Registered office	Myregormie Place Mitchelston Industrial Estate Kirkcaldy Fife KY1 3NA
Registered auditors	Pierce C.A. Limited Mentor House Ainsworth Street Blackburn Lancashire BB1 6AY
Bankers	Royal Bank of Scotland 36 St Andrew Square Edinburgh EH2 2YB
Solicitors	MacCorkell Legal & Commercial Garvey Studios 8-10 Longstone Street Lisburn BT28 1TP

CARLINGNOSE LIMITED

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CARLINGNOSE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MAY 2010

The directors present their report and financial statements for the year ended 31 May 2010.

Principal activities and review of the business

The company, and group, is principally engaged in the manufacture of fibreglass products.

The directors report a loss for the year of £109,208 (2009: £1,095,988 profit). Having commenced implementation of cost saving measures during the year, the directors consider that the group is well placed to deal with the continued weakness in the economy.

In order to minimise the threat from overseas competitors, the directors regularly review the group's marketplace and competitors. The establishment of close relationships with customers and suppliers is key to maintaining the group's competitive advantage.

Financial management is an integral part of the group's processes. Tight management of credit risk is achieved through rigorous credit control procedures and regular monitoring of the aged debt profile to highlight any potential risk at the earliest opportunity. A positive cash balance is maintained, using only a modest overdraft facility, and therefore minimises any risk in relation to interest rates. The group currently has no formal debt.

The directors continue to monitor activities which could lead to an environmental impact upon the business. The directors have adopted a health and safety policy for a number of years. Regular medical checks are provided to our staff. The directors continue to develop our staff and where possible we promote from within the organisation.

Results and dividends

The consolidated profit and loss account for the year is set out on page 5.

The company paid dividends during the year of £1,118,892 (2009: £175,862).

Market value of land and buildings

In May 2007, a professional valuation of the factory premises at Myregormie Place, Kirkcaldy was obtained by the directors. In the opinion of the valuers, the market value of this property in May 2007 was £1,650,000. The directors have chosen not to encompass the valuation within the financial statements. The property is stated in the financial statements based on the previous revaluation of £1,012,500 which was carried out in 1997.

Future developments

The directors look forward to a challenging year. Having taken the necessary steps during 2010 to combat the general economic downturn, the directors look forward to growing the group business in 2011.

Directors

The following directors have held office since 1 June 2009:

Mr Philip G Dryburgh
Mrs Karen J E Dryburgh
Mr Steven A Grossi

Auditors

In accordance with section 487 of the Companies Act 2006, a resolution proposing that Pierce C.A. Limited be reappointed as auditors of the company will be put to the Annual General Meeting.

CARLINGNOSE LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MAY 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 company and of the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the group's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the group's auditors are aware of that information.

On behalf of the board



Mr Philip G Doyburgh

Director

27 October 2010

CARLINGNOSE LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CARLINGNOSE LIMITED

We have audited the group and parent company financial statements (the "financial statements") of Carlingnose Limited for the year ended 31 May 2010 set out on pages 5 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 1 - 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on other matter prescribed by the Companies Act 2006

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

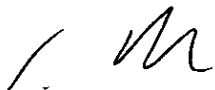
CARLINGNOSE LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE MEMBERS OF CARLINGNOSE LIMITED

Matters on which we are required to report by exception

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

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



Paul Moulding (Senior Statutory Auditor)
for and on behalf of Pierce C.A. Limited

27 October 2010

Statutory Auditor

Mentor House
Ainsworth Street
Blackburn
Lancashire
BB1 6AY

CARLINGNOSE LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MAY 2010

	Notes	2010 £	2009 £
Turnover	2	8,394,274	9,903,531
Cost of sales		(6,346,580)	(6,196,461)
Gross profit		2,047,694	3,707,070
Administrative expenses		(2,241,064)	(2,088,635)
Operating (loss)/profit	3	(193,370)	1,618,435
Redundancy costs		-	(110,472)
		-	(110,472)
(Loss)/profit on ordinary activities before interest		(193,370)	1,507,963
Other interest receivable and similar income		14,437	21,047
Interest payable and similar charges	4	(102)	(10,923)
(Loss)/profit on ordinary activities before taxation		(179,035)	1,518,087
Tax on (loss)/profit on ordinary activities	5	69,827	(422,099)
(Loss)/profit on ordinary activities after taxation		(109,208)	1,095,988

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

There are no recognised gains and losses other than those passing through the profit and loss account.

CARLINGNOSE LIMITED

BALANCE SHEETS

AS AT 31 MAY 2010

	Notes	Group 2010 £	2009 £	Company 2010 £	2009 £
Fixed assets					
Intangible assets	8	(436,600)	(560,455)	-	-
Tangible assets	9	1,901,031	2,170,162	1,543,549	1,757,794
Investments	10	-	-	58,704	58,704
		<u>1,464,431</u>	<u>1,609,707</u>	<u>1,602,253</u>	<u>1,816,498</u>
Current assets					
Stocks	11	515,154	916,810	191,162	422,833
Debtors	12	2,025,784	2,229,581	991,370	1,058,351
Cash at bank and in hand		942,565	2,046,493	549,075	1,747,218
		<u>3,483,503</u>	<u>5,192,884</u>	<u>1,731,607</u>	<u>3,228,402</u>
Creditors: amounts falling due within one year	13	<u>(1,294,314)</u>	<u>(1,934,855)</u>	<u>(703,864)</u>	<u>(1,073,702)</u>
Net current assets		<u>2,189,189</u>	<u>3,258,029</u>	<u>1,027,743</u>	<u>2,154,700</u>
Total assets less current liabilities		<u>3,653,620</u>	<u>4,867,736</u>	<u>2,629,996</u>	<u>3,971,198</u>
Provisions for liabilities	14	<u>(43,211)</u>	<u>(29,227)</u>	<u>(26,464)</u>	<u>(10,080)</u>
		<u>3,610,409</u>	<u>4,838,509</u>	<u>2,603,532</u>	<u>3,961,118</u>
Capital and reserves					
Called up share capital	16	57,002	57,002	57,002	57,002
Revaluation reserve	17	110,931	114,002	110,931	114,002
Profit and loss account	17	3,442,476	4,667,505	2,435,599	3,790,114
Shareholders' funds	18	<u>3,610,409</u>	<u>4,838,509</u>	<u>2,603,532</u>	<u>3,961,118</u>

Approved by the Board and authorised for issue on 27 October 2010

Mr Philip G Dryburgh
Director

Mr Steven A Grossi
Director

Company Registration No. SC122590

CARLINGNOSE LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MAY 2010

	2010	2009
£	£	£
Net cash inflow from operating activities	533,329	2,419,313
Returns on investments and servicing of finance		
Interest received	14,437	21,047
Interest paid	(102)	(10,923)
Net cash inflow for returns on investments and servicing of finance	14,335	10,124
Taxation	(276,775)	(452,665)
Capital expenditure and financial investment		
Payments to acquire tangible assets	(147,680)	(248,249)
Payments to acquire investments net of cash acquired	-	12,878
Receipts from sales of tangible assets	109,846	20,618
Net cash outflow for capital expenditure	(37,834)	(214,753)
Equity dividends paid	(1,118,892)	(175,862)
Net cash (outflow)/inflow before management of liquid resources and financing	(885,837)	1,586,157
Financing		
Repayment of long term bank loan	-	(205,533)
Repayment of other short term loans	-	(110,359)
Capital element of hire purchase contracts	-	(35,611)
Net cash outflow from financing	-	(351,503)
(Decrease)/increase in cash in the year	(885,837)	1,234,654

CARLINGNOSE LIMITED

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MAY 2010

1	Reconciliation of operating (loss)/profit to net cash inflow/(outflow) from operating activities	2010		2009	
		£		£	
	Operating (loss)/profit	(193,370)		1,618,435	
	Depreciation of tangible assets	318,634		324,438	
	Amortisation of intangible assets	(123,855)		(47,662)	
	Profit on disposal of tangible assets	(11,669)		(8,386)	
	Decrease/(increase) in stocks	401,656		117,886	
	Decrease in debtors	289,764		1,267,825	
	Decrease in creditors within one year	(147,831)		(742,751)	
	Exceptional costs	-		(110,472)	
	Net cash inflow/(outflow) from operating activities	533,329		2,419,313	
2	Analysis of net funds	1 June 2009	Cash flow	Other non-cash changes	31 May 2010
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	2,046,493	(1,103,928)	-	942,565
	Bank overdrafts	(500,185)	218,091	-	(282,094)
		<u>1,546,308</u>	<u>(885,837)</u>	<u>-</u>	<u>660,471</u>
	Net funds	<u>1,546,308</u>	<u>(885,837)</u>	<u>-</u>	<u>660,471</u>
3	Reconciliation of net cash flow to movement in net debt	2010		2009	
		£		£	
	(Decrease)/increase in cash in the year	(885,837)		1,234,654	
	Cash (inflow)/outflow from (increase)/decrease in debt	-		351,503	
	Movement in net funds in the year	(885,837)		1,586,157	
	Opening net funds/(debt)	1,546,308		(39,849)	
	Closing net funds	660,471		1,546,308	

CARLINGNOSE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2010

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings.

1.2 Compliance with accounting standards

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

1.3 Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 May 2010. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

1.4 Turnover

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

1.5 Goodwill

Acquired goodwill, both positive and negative, is written off in equal annual instalments over its estimated useful economic life of 5 years.

1.6 Patents

Patents are valued at cost less accumulated amortisation. Amortisation is calculated to write off the cost in equal annual instalments over their estimated useful lives.

1.7 Tangible fixed assets and depreciation

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

Land and buildings Freehold	2% straight line
Land and buildings Leasehold	15% straight line and over the term of the lease
Plant and machinery	15-100% reducing balance & 33% straight line
Motor vehicles	25% reducing balance & 10%-25% straight line

The part of the annual depreciation charge on revalued assets which relates to the revaluation surplus is transferred from the revaluation reserve to the profit and loss account.

1.8 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

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

CARLINGNOSE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2010

1 Accounting policies

(continued)

1.9 Investments

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

1.10 Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value. Work in progress is valued at cost plus an estimated profit element.

1.11 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year.

1.12 Deferred taxation

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

1.13 Foreign currency translation

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

2 Turnover

The total turnover of the group for the year has been derived from its principal activity.

Segmental analysis by geographical area

The analysis by geographical area of the group's turnover is set out as below:

	2010	2009
	£	£
Geographical segment		
UK	6,740,754	9,160,783
EC Countries	1,653,520	742,748
	<u>8,394,274</u>	<u>9,903,531</u>

CARLINGNOSE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2010

3	Operating (loss)/profit	2010 £	2009 £
	Operating profit is stated after charging:		
	Amortisation of intangible assets	(123,855)	(47,662)
	Depreciation of tangible assets	318,634	324,438
	Loss on disposal of tangible assets	3,756	-
	Loss on foreign exchange transactions	3,311	-
	Operating lease rentals		
	- Plant and machinery	2,935	7,157
	- Other assets	408,164	216,622
	Fees payable to the group's auditor for the audit of the group's annual accounts (company £10,529; 2009: £10,585)	22,558	19,128
	and after crediting:		
	Profit on disposal of tangible assets	(15,425)	(8,386)
	Profit on foreign exchange transactions	-	(6,226)
		<u> </u>	<u> </u>

In the year to 31 May 2009 redundancy costs of £110,472 were incurred by the subsidiary company WL Cunliffe (Southport) Limited. These costs are presented as an exceptional item in the profit and loss account and are stated after operating profit.

4	Interest payable	2010 £	2009 £
	On bank loans and overdrafts	-	8,903
	Hire purchase interest	-	1,015
	On overdue tax	102	1,005
		<u> </u>	<u> </u>
		102	10,923
		<u> </u>	<u> </u>

CARLINGNOSE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2010

5	Taxation	2010 £	2009 £
	Domestic current year tax		
	U.K. corporation tax	(83,811)	444,775
	Adjustment for prior years	-	(2,451)
	Current tax charge	<u>(83,811)</u>	<u>442,324</u>
	Deferred tax		
	Origination and reversal of timing differences	13,984	(20,225)
		<u>(69,827)</u>	<u>422,099</u>
	Factors affecting the tax charge for the year		
	(Loss)/profit on ordinary activities before taxation	<u>(179,035)</u>	<u>1,518,087</u>
	(Loss)/profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28.00% (2009 - 28.00%)	<u>(50,130)</u>	<u>425,064</u>
	Effects of:		
	Non deductible expenses	4,720	1,476
	Depreciation add back	54,539	90,844
	Capital allowances	(87,902)	(72,367)
	Tax losses utilised	-	(84)
	Adjustments to previous periods	-	(2,451)
	Other tax adjustments	(5,038)	(158)
		<u>(33,681)</u>	<u>17,260</u>
	Current tax charge	<u>(83,811)</u>	<u>442,324</u>

6 (Loss)/profit for the financial year

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

	2010 £	2009 £
Holding company's (loss)/profit for the financial year	<u>(238,694)</u>	<u>772,275</u>

CARLINGNOSE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2010

7	Dividends	2010	2009
		£	£
	Ordinary interim paid	<u>1,118,892</u>	<u>175,862</u>
8	Intangible fixed assets		
	Group		
		Patents	Goodwill
		£	£
	Cost		Total
	At 1 June 2009 & at 31 May 2010	<u>1,153</u>	<u>(619,276)</u>
			<u>(618,123)</u>
	Amortisation		
	At 1 June 2009	1,153	(58,821)
	Charge for the year	-	(123,855)
		<u>-</u>	<u>(123,855)</u>
	At 31 May 2010	<u>1,153</u>	<u>(182,676)</u>
			<u>(181,523)</u>
	Net book value		
	At 31 May 2010	-	(436,600)
		<u>-</u>	<u>(436,600)</u>
	At 31 May 2009	-	(560,455)
		<u>-</u>	<u>(560,455)</u>

CARLINGNOSE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2010

9 Tangible fixed assets Group

	Land and buildings Freehold £	Land and buildings Leasehold £	Plant and machinery £	Motor vehicles £	Total £
Cost or valuation					
At 1 June 2009	1,603,792	75,818	2,899,499	665,713	5,244,822
Additions	-	312	40,624	106,744	147,680
Disposals	-	-	-	(301,122)	(301,122)
At 31 May 2010	1,603,792	76,130	2,940,123	471,335	5,091,380
Depreciation					
At 1 June 2009	487,045	12,867	2,142,237	432,511	3,074,660
On disposals	-	-	-	(202,945)	(202,945)
Charge for the year	38,721	13,046	181,417	85,450	318,634
At 31 May 2010	525,766	25,913	2,323,654	315,016	3,190,349
Net book value					
At 31 May 2010	1,078,026	50,217	616,469	156,319	1,901,031
At 31 May 2009	1,116,747	62,951	757,261	233,203	2,170,162

The factory premises at Myregormie Place, Kirkcaldy were revalued in 1997 by Messrs. Graham and Sibbald, Chartered Surveyors at a valuation of £1,012,500. The basis of the valuation was open market value. The surplus of £153,559 which arose at the time of the revaluation was transferred to the revaluation reserve. The transitional provisions of Financial Reporting Standard 15 are being followed and no current valuation is required.

Comparable historical cost for the land and buildings included at valuation:

	£
Cost	
At 1 June 2009 & at 31 May 2010	1,450,233
Depreciation based on cost	
At 1 June 2009	447,488
Charge for the year	35,650
At 31 May 2010	483,138
Net book value	
At 31 May 2010	967,095
At 31 May 2009	1,002,745

CARLINGNOSE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2010

Tangible fixed assets (continued) Company

	Land and buildings Freehold £	Land and buildings Leasehold £	Plant and machinery £	Motor vehicles £	Total £
Cost or valuation					
At 1 June 2009	1,603,792	75,818	1,256,322	546,435	3,482,367
Additions	-	-	10,545	74,605	85,150
Disposals	-	-	-	(254,862)	(254,862)
At 31 May 2010	1,603,792	75,818	1,266,867	366,178	3,312,655
Depreciation					
At 1 June 2009	487,045	12,867	884,683	339,978	1,724,573
On disposals	-	-	-	(166,591)	(166,591)
Charge for the year	38,721	13,046	84,847	74,510	211,124
At 31 May 2010	525,766	25,913	969,530	247,897	1,769,106
Net book value					
At 31 May 2010	1,078,026	49,905	297,337	118,281	1,543,549
At 31 May 2009	1,116,747	62,951	371,638	206,458	1,757,794

The company's factory premises at Myregormie Place, Kirkcaldy were revalued in 1997 by Messrs. Graham and Sibbald, Chartered Surveyors at a valuation of £1,012,500. The basis of the valuation was open market value. The surplus of £153,559 which arose at the time of the revaluation was transferred to the revaluation reserve. The transitional provisions of Financial Reporting Standard 15 are being followed and no current valuation is required.

Comparable historical cost for the land and buildings included at valuation:

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Depreciation based on cost	
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Charge for the year	35,650
At 31 May 2010	483,138
Net book value	
At 31 May 2010	967,095
At 31 May 2009	1,002,745

CARLINGNOSE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2010

10 Fixed asset investments

Company

	Shares in group undertakings £
Cost or valuation	
At 1 June 2009 & at 31 May 2010	58,704
Net book value	
At 31 May 2010	58,704
At 31 May 2009	58,704

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

Holdings of more than 20%

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

Company	Country of registration or incorporation	Shares held	
		Class	%
Subsidiary undertakings			
Armfibre Limited	England	Ordinary	100
WL Cunliffe (Southport) Limited	England	Ordinary	100

The principal activity of these undertakings for the last relevant financial year was as follows:

	Principal activity
Armfibre Limited	Manufacture of fibreglass products
WL Cunliffe (Southport) Limited	Manufacture of fibreglass products

CARLINGNOSE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2010

11 Stocks and work in progress

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Raw materials and consumables	273,487	421,084	96,456	189,199
Work in progress	241,667	495,726	94,706	233,634
	<u>515,154</u>	<u>916,810</u>	<u>191,162</u>	<u>422,833</u>

12 Debtors

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Trade debtors	1,612,995	1,836,517	582,318	844,562
Corporation tax	85,967	-	85,967	-
Other debtors	100,552	27,000	100,552	23,741
Prepayments and accrued income	226,270	366,064	222,533	190,048
	<u>2,025,784</u>	<u>2,229,581</u>	<u>991,370</u>	<u>1,058,351</u>

Amounts falling due after more than one year and included in the debtors above are:

	2010	2009	2010	2009
	£	£	£	£
Other debtors	<u>-</u>	<u>21,500</u>	<u>-</u>	<u>21,500</u>

The debt falling due after more than one year is secured.

CARLINGNOSE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2010

13 Creditors : amounts falling due within one year

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Bank loans and overdrafts	282,094	500,185	282,094	305,788
Trade creditors	658,735	756,519	221,599	353,025
Corporation tax	2,156	276,775	-	161,998
Other taxes and social security costs	212,519	249,950	130,179	181,967
Other creditors	38,951	49,267	17,402	23,928
Accruals and deferred income	99,859	102,159	52,590	46,996
	<u>1,294,314</u>	<u>1,934,855</u>	<u>703,864</u>	<u>1,073,702</u>

The bank overdrafts are secured by a fixed charge over the factory premises at Myregormie Place, Kirkcaldy and by a floating charge over all of the group's assets.

14 Provisions for liabilities

Group

	Deferred taxation £
Balance at 1 June 2009	29,227
Profit and loss account	13,984
	<u>43,211</u>
Balance at 31 May 2010	<u>43,211</u>

Company

Balance at 1 June 2009	10,080
Profit and loss account	16,384
	<u>26,464</u>
Balance at 31 May 2010	<u>26,464</u>

The deferred tax liability is made up as follows:

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Accelerated capital allowances	<u>43,211</u>	<u>29,227</u>	<u>26,464</u>	<u>10,080</u>

CARLINGNOSE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2010

15 Pension and other post-retirement benefit commitments

Defined contribution

	2010 £	2009 £
Contributions payable by the group for the year	18,624	11,534

16 Share capital

	2010 £	2009 £
Allotted, called up and fully paid		
57,002 Ordinary shares of £1 each	57,002	57,002

17 Statement of movements on reserves

Group

	Revaluation reserve £	Profit and loss account £
Balance at 1 June 2009	114,002	4,667,505
Loss for the year	-	(109,208)
Transfer from revaluation reserve to profit and loss account	(3,071)	3,071
Dividends paid	-	(1,118,892)
Balance at 31 May 2010	110,931	3,442,476

Company

	Revaluation reserve £	Profit and loss account £
Balance at 1 June 2009	114,002	3,790,114
Loss for the year	-	(238,694)
Transfer from revaluation reserve to profit and loss account	(3,071)	3,071
Dividends paid	-	(1,118,892)
Balance at 31 May 2010	110,931	2,435,599

CARLINGNOSE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2010

18 Reconciliation of movements in shareholders' funds	2010	2009
Group	£	£
(Loss)/Profit for the financial year	(109,208)	1,095,988
Dividends	(1,118,892)	(175,862)
Net (depletion in)/addition to shareholders' funds	(1,228,100)	920,126
Opening shareholders' funds	4,838,509	3,918,383
Closing shareholders' funds	3,610,409	4,838,509
	2010	2009
Company	£	£
(Loss)/Profit for the financial year	(238,694)	772,275
Dividends	(1,118,892)	(175,862)
Net (depletion in)/addition to shareholders' funds	(1,357,586)	596,413
Opening shareholders' funds	3,961,118	3,364,705
Closing shareholders' funds	2,603,532	3,961,118

19 Contingent liabilities

Group

The overdraft facilities of the group are subject to cross guarantees and are secured by a fixed charge over the factory premises at Myregormie Place, Kirkcaldy and by a floating charge over the group's assets. The total amount secured as at the year end was £nil.

Company

The overdraft facilities of the company's subsidiary undertakings, Armfibre Limited and WL Cunliffe (Southport) Limited, are secured by a fixed charge over the factory premises at Myregormie Place, Kirkcaldy and by a floating charge over all of the company's assets. The total amount secured as at the year end was £nil.

CARLINGNOSE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2010

20 Financial commitments

At 31 May 2010 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2010	2009	2010	2009
	£	£	£	£
Expiry date:				
Within one year	-	-	-	1,830
Between two and five years	175,125	288,125	-	-
	<u>175,125</u>	<u>288,125</u>	<u>-</u>	<u>1,830</u>

At 31 May 2010 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2010	2009	2010	2009
	£	£	£	£
Expiry date:				
Between two and five years	-	113,000	-	-
	<u>-</u>	<u>113,000</u>	<u>-</u>	<u>-</u>

21 Directors' emoluments

	2010	2009
	£	£
Emoluments for qualifying services	158,097	248,447
Company pension contributions to money purchase schemes	-	2,420
	<u>158,097</u>	<u>250,867</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 0 (2009- 1).

CARLINGNOSE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2010

22 Transactions with directors

The following directors had interest free loans during the year. The movements on these loans are as follows:

	Amount outstanding 2010 £	2009 £	Maximum in year £
Mr Philip G Dryburgh	-	-	332,500
Mr Steven A Grossi	14,000	-	14,000

During the year the company operated a loan account with Mr Philip G Dryburgh. The loan account was overdrawn for very short periods of time only during the year and was fully repaid at the year end.

During the year, a car was sold to Mr Steven A Grossi, director, at a market value of £14,000.

During the year the company also operated a loan account with Mr Steven A Grossi. At 31 May 2010, the director owed to the company £14,000.

23 Employees

Number of employees

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

2010 Number	2009 Number
176	248

Employment costs

	2010 £	2009 £
Wages and salaries	3,079,980	3,481,573
Social security costs	266,572	291,386
Other pension costs	18,624	11,534
	3,365,176	3,784,493

24 Control

Mr P G Dryburgh is the group's ultimate controlling party by virtue of his 100% shareholding in the parent company.

CARLINGNOSE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2010

25 Related party transactions

Group

The directors have taken advantage of the exemption available under Financial Reporting Standard Number 8 (FRS 8) not to disclose transactions or balances between group companies that have been eliminated on consolidation.

Dividends were paid in the year to the director, Mr Philip G Dryburgh, of £1,118,892 (2009 £175,862).

Company

The directors have taken advantage of the exemption available under Financial Reporting Standard Number 8 (FRS 8) not to disclose transactions or balances between group companies that have been eliminated on consolidation.

During the year, dividends were paid to Mr Philip G Dryburgh of £1,118,892 (2009: £175,862).

26 Post Balance Sheet Events

Group

Since the year end the group has entered into a new lease agreement for factory premises in Chorley. The directors intend to relocate the current trade at the Skelmersdale and Altham premises into the new premises during the forthcoming year.