

Registered number 00853413

R T QUAIFE ENGINEERING LIMITED

ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2010

THURSDAY



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COMPANIES HOUSE

R T QUAIFE ENGINEERING LIMITED

COMPANY INFORMATION

DIRECTORS	M J Quaife S Quaife-Hobbs
COMPANY SECRETARY	S Quaife-Hobbs
COMPANY NUMBER	00853413
REGISTERED OFFICE	Vestry Road Otford Sevenoaks Kent TN14 5EL
AUDITORS	Clement Keys Chartered Accountants & Statutory Auditors 39/40 Calthorpe Road Edgbaston Birmingham B15 1TS
BANKERS	National Westminster Bank plc 130 High Street Tonbridge Kent TN9 1DE

R T QUAIFE ENGINEERING LIMITED

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R T QUAIFE ENGINEERING LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2010

The directors present their report and the financial statements for the year ended 30 September 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 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 during the year was that of design and manufacture of gearboxes and general power transmissions.

BUSINESS REVIEW

The directors are pleased with the company's trading results for the year ended 30 September 2010.

The company has performed well in a difficult worldwide marketplace assisted by the specialist nature of the company. During the year the company has continued to increase export revenues while diversifying its product portfolio.

Given the straightforward nature of the business, the directors are of the opinion that analysis using Key Performance Indicators is not necessary for an understanding of the development, performance or position of the company.

The principal risks facing the company are the competition and continuing to maintain the high standard of quality of products and ensuring that the company remains at the forefront of product development and enhancement. The directors feel that the company is well placed to deal with these risks.

Looking forward the directors are confident that the positive result for the year ended 30 September 2010 can be maintained. The directors continue to aim to diversify the company's product range where possible.

R T QUAIFE ENGINEERING LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2010**

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £1,885,421 (2009 - £868,227)

Equity dividends of £2,320,000 were paid during the year. The directors do not recommend the payment of a further dividend.

DIRECTORS

The directors who served during the year were

M J Quaife
S Quaife-Hobbs

POLITICAL AND CHARITABLE CONTRIBUTIONS

The company made charitable donations during the year of £6,400 to various national charities.

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

During the year a qualifying third party indemnity provision was in place for the benefit of the directors.

PROVISION OF INFORMATION TO AUDITORS

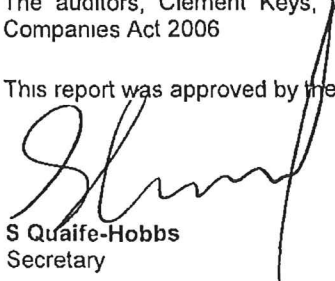
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditors are 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 auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Clement Keys, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 23 May 2011 and signed on its behalf



S Quaife-Hobbs
Secretary

R T QUAIFE ENGINEERING LIMITED

INDEPENDENT AUDITORS' REPORT TO R T QUAIFE ENGINEERING LIMITED UNDER SECTION 449 OF THE COMPANIES ACT 2006

We have examined the abbreviated accounts set out on pages 6 to 20, together with the financial statements of R T Quaife Engineering Limited for the year ended 30 September 2010 prepared under section 396 of the Companies Act 2006

This report is made solely to the company in accordance with section 449 of the Companies Act 2006. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special 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, for our work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors are responsible for preparing the abbreviated accounts in accordance with section 445 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the regulations made under that section and to report our opinion to you.

We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts are properly prepared.

OPINION ON FINANCIAL STATEMENTS

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 445(3) of the Companies Act 2006, and the abbreviated accounts on pages 6 to 20 have been properly prepared in accordance with the regulations made under that section.

OTHER INFORMATION

On 23 May 2011 we reported as auditors to the company on the financial statements prepared under section 396 of the Companies Act 2006 and our audit report was as follows:

We have audited the financial statements of R T Quaife Engineering Limited for the year ended 30 September 2010, set out on pages 6 to 20. 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 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.

R T QUAIFE ENGINEERING LIMITED

**INDEPENDENT AUDITORS' REPORT TO R T QUAIFE ENGINEERING LIMITED
UNDER SECTION 449 OF THE COMPANIES ACT 2006**

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.

QUALIFIED OPINION ON FINANCIAL STATEMENTS ARISING FROM LIMITATION IN AUDIT SCOPE

With respect to stock included in the balance sheet of £707,623 the audit evidence available to us was limited because the company does not operate a continuous stock system and did not carry out a physical stocktake as at 30 September 2010. Owing to the nature of the company's records in relation to stock, we were unable to obtain sufficient appropriate audit evidence regarding the stock quantities using other audit procedures.

Except for the financial effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to physical stock quantities, in our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 September 2010 and of its 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.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In respect solely of the limitation on our work relating to stock, described above

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit, and
- we were unable to determine whether adequate accounting records had been kept

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

- 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

R T QUAIFE ENGINEERING LIMITED

**INDEPENDENT AUDITORS' REPORT TO R T QUAIFE ENGINEERING LIMITED
UNDER SECTION 449 OF THE COMPANIES ACT 2006**

Clement Keys

Joseph Bates FCA (Senior statutory auditor)

for and on behalf of
Clement Keys

Chartered Accountants
Statutory Auditors

39/40 Calthorpe Road
Edgbaston
Birmingham
B15 1TS

23 May 2011

R T QUAIFE ENGINEERING LIMITED

**ABBREVIATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2010**

	Note	2010 £	2009 £
TURNOVER	1	8,787,150	7,822,297
GROSS PROFIT		4,495,030	4,038,034
Administrative expenses		(1,831,028)	(2,967,924)
OPERATING PROFIT	2	2,664,002	1,070,110
Interest receivable and similar income		8,284	6,594
Interest payable and similar charges	5	(49,252)	(55,192)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,623,034	1,021,512
Tax on profit on ordinary activities	6	(737,613)	(153,285)
PROFIT FOR THE FINANCIAL YEAR	14	1,885,421	868,227

All amounts relate to continuing operations

The notes on pages 10 to 20 form part of these financial statements

R T QUAIFE ENGINEERING LIMITED

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 30 SEPTEMBER 2010**

	2010	2009
	£	£
PROFIT FOR THE FINANCIAL YEAR	1,885,421	868,227
Unrealised surplus on revaluation of tangible fixed assets	-	40,000
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	1,885,421	908,227

The notes on pages 10 to 20 form part of these financial statements

R T QUAIFE ENGINEERING LIMITED
REGISTERED NUMBER: 00853413

ABBREVIATED BALANCE SHEET
AS AT 30 SEPTEMBER 2010

	Note	£	2010 £	£	2009 £
FIXED ASSETS					
Tangible assets	7		3,856,434		3,483,223
CURRENT ASSETS					
Stocks	8	707,623		622,415	
Debtors	9	1,175,418		902,391	
Cash at bank and in hand		2,195,625		1,585,647	
		<u>4,078,666</u>		<u>3,110,453</u>	
CREDITORS amounts falling due within one year	10	(3,449,896)		(1,758,515)	
NET CURRENT ASSETS			628,770		1,351,938
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>4,485,204</u>		<u>4,835,161</u>
CREDITORS , amounts falling due after more than one year	11		(761,175)		(680,376)
PROVISIONS FOR LIABILITIES					
Deferred tax	12		(316,000)		(312,177)
NET ASSETS			<u>3,408,029</u>		<u>3,842,608</u>
CAPITAL AND RESERVES					
Called up share capital	13		2,000		2,000
Revaluation reserve	14		245,000		245,000
Capital redemption reserve	14		1,450		1,450
Profit and loss account	14		3,159,579		3,594,158
SHAREHOLDERS' FUNDS	15		<u>3,408,029</u>		<u>3,842,608</u>

The abbreviated accounts, which have been prepared in accordance with the special provisions of section 445(3) of the Companies Act 2006 relating to medium-sized companies, were approved and authorised for issue by the board and were signed on its behalf on 23 May 2011


S Quaipe-Hobbs
 Director

The notes on pages 10 to 20 form part of these financial statements

R T QUAIFE ENGINEERING LIMITED

**ABBREVIATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2010**

	Note	2010 £	2009 £
Net cash flow from operating activities	17	3,656,370	1,204,441
Returns on investments and servicing of finance	18	(40,968)	(48,598)
Taxation		(116,652)	24,764
Capital expenditure and financial investment	18	(141,745)	(280,646)
Equity dividends paid		(2,320,000)	-
CASH INFLOW BEFORE FINANCING		1,037,005	899,961
Financing	18	(427,027)	(276,957)
INCREASE IN CASH IN THE YEAR		609,978	623,004

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
FOR THE YEAR ENDED 30 SEPTEMBER 2010**

	2010 £	2009 £
Increase in cash in the year	609,978	623,004
Cash outflow from decrease in debt and lease financing	427,027	276,957
CHANGE IN NET DEBT RESULTING FROM CASH FLOWS	1,037,005	899,961
New finance lease	(660,182)	(304,388)
MOVEMENT IN NET DEBT IN THE YEAR	376,823	595,573
Net funds at 1 October 2009	620,736	25,163
NET FUNDS AT 30 SEPTEMBER 2010	997,559	620,736

The notes on pages 10 to 20 form part of these financial statements

R T QUAIFE ENGINEERING LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 2010

1 ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The full financial statements, from which these abbreviated accounts have been extracted, have been prepared under the historical cost convention as modified by the revaluation of Investment properties and in accordance with applicable accounting standards

1.2 Turnover

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

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost or valuation of those assets, less their estimated residual value, over their expected useful lives on the following bases

Freehold property	-	2% straight line
Plant & machinery	-	15% reducing balance
Motor vehicles	-	25% reducing balance
Fixtures & fittings	-	10% reducing balance

1.4 Investment properties

Investment properties are included in the Balance sheet at their open market value in accordance with Statement of Standard Accounting Practice No 19 and are not depreciated. This treatment is contrary to the Companies Act 2006 which states that fixed assets should be depreciated but is, in the opinion of the directors, necessary in order to give a true and fair view of the financial position of the company

1.5 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. 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

1.6 Operating leases

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

1.7 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

R T QUAIFE ENGINEERING LIMITED

**NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2010**

1 ACCOUNTING POLICIES (continued)

1.8 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

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets in the financial statements

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

1.9 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

1.10 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 OPERATING PROFIT

The operating profit is stated after charging/(crediting)

	2010 £	2009 £
Depreciation of tangible fixed assets		
- owned by the company	221,218	181,871
- held under finance leases	179,419	147,347
Auditors' remuneration	7,750	7,500
Operating lease rentals		
- other operating leases	127,910	127,910
Difference on foreign exchange	6,653	(1,155)
Profit/loss on sale of tangible assets	28,079	(1,900)
	<u> </u>	<u> </u>

R T QUAIFE ENGINEERING LIMITED

**NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2010**

3. STAFF COSTS

Staff costs, including directors' remuneration, were as follows

	2010 £	2009 £
Wages and salaries	2,085,223	2,902,045
Social security costs	221,214	330,851
Other pension costs	77,532	78,826
	<u>2,383,969</u>	<u>3,311,722</u>

The average monthly number of employees, including the directors, during the year was as follows

	2010 No.	2009 No
Production staff	52	50
Distribution staff	4	4
Administration staff	9	8
Management staff	3	3
	<u>68</u>	<u>65</u>

4 DIRECTORS' REMUNERATION

	2010 £	2009 £
Emoluments	<u>503,636</u>	<u>1,448,800</u>
Company pension contributions to defined contribution pension schemes	<u>64,000</u>	<u>65,000</u>

During the year retirement benefits were accruing to 2 directors (2009 - 2) in respect of defined contribution pension schemes

The highest paid director received remuneration of £251,818 (2009 - £737,994)

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £31,000 (2009 - £32,000)

R T QUAIFE ENGINEERING LIMITED

**NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2010**

5 INTEREST PAYABLE

	2010	2009
	£	£
On bank loans and overdrafts	4,253	9,190
On finance leases and hire purchase contracts	44,993	45,973
Other interest payable	6	29
	<u>49,252</u>	<u>55,192</u>

6 TAXATION

	2010	2009
	£	£
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	733,714	133,409
Adjustments in respect of prior periods	76	(85,124)
Total current tax	<u>733,790</u>	<u>48,285</u>
Deferred tax		
Origination and reversal of timing differences	3,823	35,940
Effect of increased tax rate on opening liability	-	69,060
Total deferred tax (see note 12)	<u>3,823</u>	<u>105,000</u>
Tax on profit on ordinary activities	<u>737,613</u>	<u>153,285</u>

R T QUAIFE ENGINEERING LIMITED

**NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2010**

6 TAXATION (continued)

Factors affecting tax charge for the year

The tax assessed 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 explained below

	2010 £	2009 £
Profit on ordinary activities before tax	<u>2,623,034</u>	<u>1,021,512</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 - 28%)	734,450	286,023
Effects of		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	939	682
Capital allowances for year in excess of depreciation	(7,155)	(36,677)
Marginal rate relief	-	(16,858)
Adjustments to tax charge in respect of prior periods	76	(85,124)
Other timing differences leading to a decrease (increase) in taxation	607	-
Additional deduction for Research and Development expenditure	-	(105,592)
Capital items expensed	4,873	5,831
Current tax charge for the year (see note above)	<u><u>733,790</u></u>	<u><u>48,285</u></u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges

R T QUAIFE ENGINEERING LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 2010

7 TANGIBLE FIXED ASSETS

	Freehold property £	Plant & machinery £	Motor vehicles £	Furniture, fittings and equipment £	Investment properties £	Total £
Cost or valuation						
At 1 October 2009	752,788	4,455,686	129,331	78,517	520,000	5,936,322
Additions	-	885,625	35,690	6,112	-	927,427
Disposals	-	(452,497)	(35,750)	(16,897)	-	(505,144)
At 30 September 2010	752,788	4,888,814	129,271	67,732	520,000	6,358,605
Depreciation						
At 1 October 2009	90,676	2,237,015	75,355	50,053	-	2,453,099
Charge for the year	4,665	375,689	17,735	2,548	-	400,637
On disposals	-	(321,456)	(19,195)	(10,914)	-	(351,565)
At 30 September 2010	95,341	2,291,248	73,895	41,687	-	2,502,171
Net book value						
At 30 September 2010	657,447	2,597,566	55,376	26,045	520,000	3,856,434
At 30 September 2009	662,112	2,218,671	53,976	28,464	520,000	3,483,223

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows

	2010 £	2009 £
Plant and machinery	1,367,935	903,218

Included in land and buildings is freehold land at cost of £500,000 (2009 £500,000) which is not depreciated

Included in tangible fixed assets are investment properties valued at £520,000 (2009 £520,000) which are not depreciated

The investment properties are stated at their open market value at 30 September 2010 as determined by the directors

R T QUAIFE ENGINEERING LIMITED

**NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2010**

8. STOCKS

	2010 £	2009 £
Raw materials	35,380	31,120
Work in progress	70,762	62,241
Finished goods and goods for resale	601,481	529,054
	<u>707,623</u>	<u>622,415</u>

9 DEBTORS

	2010 £	2009 £
Trade debtors	1,099,541	829,734
Other debtors	2,471	-
Prepayments and accrued income	73,406	72,657
	<u>1,175,418</u>	<u>902,391</u>

10 CREDITORS

Amounts falling due within one year

	2010 £	2009 £
Bank loans and overdrafts	52,462	47,525
Net obligations under finance leases and hire purchase contracts	384,429	237,011
Trade creditors	735,583	1,026,196
Corporation tax	733,714	116,576
Social security and other taxes	108,326	191,585
Other creditors	1,410,862	107,975
Accruals and deferred income	24,520	31,647
	<u>3,449,896</u>	<u>1,758,515</u>

Bank loans of £52,462 (2009 £47,525) are secured by way of a first legal charge over the land to the east of Vestry Road, Otford, Kent which is owned by the company. Net obligations under hire purchase agreements of £384,429 (2009 £237,011) are secured on the individual assets.

R T QUAIFE ENGINEERING LIMITED

**NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2010**

11. CREDITORS

Amounts falling due after more than one year

	2010 £	2009 £
Bank loans	199,839	257,238
Net obligations under finance leases and hire purchase contracts	561,336	423,138
	<u>761,175</u>	<u>680,376</u>

Creditors include amounts not wholly repayable within 5 years as follows

	2010 £	2009 £
Repayable by instalments	-	67,137

Interest is charged on the loan included above at a rate of 1% per annum above the Bank's Base Rate and is calculated on a daily basis

The loan is repayable over a total of 120 monthly repayments and is due to be fully repaid in January 2016

Obligations under finance leases and hire purchase contracts, included above, are payable as follows

	2010 £	2009 £
Between one and five years	561,336	423,138

Bank loans of £199,839 (2009 £257,238) are secured by way of a first legal charge over the land to the east of Vestry Road, Otford, Kent which is owned by the company. Net obligations under hire purchase agreements of £561,336 (2009 £423,138) are secured on the individual assets

12 DEFERRED TAXATION

	2010 £	2009 £
At beginning of year	312,177	207,177
Charge for year	3,823	105,000
At end of year	<u>316,000</u>	<u>312,177</u>

The provision for deferred taxation is made up as follows

	2010 £	2009 £
Accelerated capital allowances	316,000	312,177