TOYE & Co.
EST.1685

Annual Report 2010

TOYE & COMPANY PUBLIC LIMITED COMPANY

BY APPOINTMENT TO
HER MAJESTY THE QUEEN
SUPPLIERS OF GOLD AND SILVER
LACES, INSIGNIA AND EMBROIDERY
TOYE KENNING & SPENCER LTD LONDON

TOYE KENNING & SPENCER
EST.1685

Ubb LONDON

Civil and Military Regalia, Medals,
Uniforms, Trimmings, Accoutrements and Accessories
Mayoral and Municipal Insignia, Chains of Office
Association, Presidential and Chairman Badges
Supply Chain Management and Distribution

KJD JEWELLERS

Cornelia James Neckwear

Masonic, Municipal Regalia, Robes, Maces, Caskets
Masonic, Rotary and other Society Badges
Regimental and Civil Embroidered Badges
Gold Laces, Braids, Cords and Fringes
Gold and Silver Thread

Stephen Simpson

The Davis Badge Co.

Peaked Caps and Uniform Headdress
Hand and Machine Embroidery
Woven and Screen Printed Badges
Narrow Fabrics, Medal and Navy Cap Ribbons
Banners, Bannerettes and Honours Caps

E. Dent & Co. (Horologists) Ltd.

Chas C. Stadden

Weston Cap LIMITED

Ties, Scarves and Bow Ties
Tee and Sweat Shirts and Embroidered Pullovers
Corporate Identity, Sports and Leisure Wear
Cups, Plaques, Tankards, Shields, Statuettes
Trophies, Sports Prizes and Enamelled Boxes
Pewter figures

Historical Medallion Co.

Toye, Kenning & Spencer

Cufflinks, Relief and Enamelled Badges
Car Badges, Key Fobs, Conference Badges
Metal, Plastic, Celluloid and Button Badges
Silk Screen Printed Products

Spencer & Co.

Benton & Johnson

Buckingham Pewter

Gold, Silver and Glassware
Jewellery, Cutlery, Watches and Clocks
Long Service and Special Awards
Proof Coins and Commemorative Medallions
Presentations, Gavels, Mallets and Blocks

John Taylor, Poston

PLATE JEWELLERS
TO THE CORPORATION OF
THE CITY OF LONDON
SINCE 1978

TOYE & Co.

Contents

TOYE & Co.

Directors and Advisers

BOARD OF DIRECTORS	B E Toye (Chairman) Lord Rowe-Beddoe M.A., D.L. (Deputy Chairman) F A Toye (Chief Executive) *D Hartley F.C.A., M.A.B.R.P. N A Haynes B.Sc., F.C.A. *N K S Wills M.A., F.C.A.
SECRETARY	N A Haynes B.Sc., F.C.A.
REGISTERED OFFICE	Regalia House, 19-21 Great Queen Street, London WC2B 5BE
AUDITOR	PKF (UK) LLP New Guild House, Queensway, Birmingham B3 2LX
SOLICITORS	Ashurst Morris Crisp Broadwalk House, 5 Appold Street, London EC2A 2HA DLA Piper UK LLP Victoria Square House, Victoria Square, Birmingham B2 4DL
BANKERS	Lloyds TSB Bank plc 17-23 Coventry Street, Nuneaton, Warwickshire CV11 5TD
NOMAD AND BROKERS	W H Ireland 4 Colston Avenue, Bristol BS1 4ST
REGISTRARS AND TRANSFER OFFICE	Capita Registrars The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU
REGISTERED No.	198641 England

*Independent Non Executive Director

TOYE & Co.

Chairman's Statement

I will leave the trading and statutory reporting to the Chief Executive. My own perspective suggests it is certainly going to be a very difficult year as the impact of natural catastrophes, as well as the rolling disturbances around the Gulf States in particular and elsewhere in the world, take effect. Whilst these can provide opportunities for your business, the balance is more in favour of a greater threat, particularly as recessionary risks increase in our markets caused not least by energy and raw material costs. Beyond that there is still a welter of EU and Government-imposed diktats involving management time and costs to which the Chief Executive has referred in her statement.

There are a number of industry wide issues which I should like to raise.

The Coalition Government has said that it is really determined to reduce the plethora of these red tape diktats accumulated over the last 15 years or so. There is a real danger that hallmarking in the UK could be abolished as part of this new initiative launched by the Government on 7 April 2011 called the Red Tape Challenge. I would urge everyone to go to the website www.redtapechallenge.cabinetoffice.gov.uk/hallmarking/ and enter your support for the continuance of the independent assaying and marking of precious metals.

Hallmarking is the oldest established protection mark in the land and trusted by the general public virtually without exception, provided the hallmark is carried out in the UK by London, Birmingham, Sheffield, Edinburgh and in Eire, Dublin, Assay Offices. It should not be dispensed with or allow manufacturers to test and self mark.

When I was Prime Warden of The Goldsmiths' Company 2004/2005, in December 2005 the last Government were offering the discontinuance of the British Hallmark under pressure from Germany in particular and to a lesser extent Italy, amongst others and were about to use it as a negotiating chip for some perceived benefit elsewhere.

At that time there were 15 Member States of the EU and to block such a move required one third against. On 22 December we had 4 States including the UK agreeing to block the move. On 23 December a fifth country joined us thereby making the one third blocking vote and preventing the discontinuance of the Hallmark with effect from 1 January 2006.

Interestingly when the next 10 Eastern Block States joined the EU to make a total of 25, 9 of those 10 States voted in favour of the continuance of the Hallmark; so today within Europe and at the last vote, it was 14 in favour of independent testing and marking of precious metal and 11 against.

Whilst I am convinced that the hallmark will continue, if the statutory requirement is withdrawn your Company will revert to the practices adopted in countries which do not currently hallmark where by the manufacturer self marks the items!

The Ministry of Defence began life with their quality AQAP4, superseded by BS5750, followed by ISO9000 with its subsequent extensions to cover all aspects of business. BS EN ISO 9001:2008 is the current standard. Now we understand that the Ministry of Defence are looking at having an additional application SC21 for Ministry of Defence contracts, standards traditionally adopted by the larger companies of the recently formed AeroSpace Defence and Security Industries (ADS). Apart from the cost of operating all these systems, SMEs cannot absorb the increase in administration overheads, so any additional costs are directly added to those market area products, making them even less competitive to the Ministry of Defence. We cannot apply these individual customer costs requirements to other market areas as it would be inequitable and commercially damaging.

Additionally, the Government through the Ministry of Defence, Police Authorities, Local Authorities etc are taking many of the tenders "which are won", through to a reverse auction, to reduce costs, which is all very laudable except for the fact that more and more of the business

TOYE & Co.

Chairman's Statement (continued)

is being driven off-shore in pursuit of those lower costs often providing less value for money as the specifications are often not in conformity with the original tender document. It is the base cost alone which seems to matter. This leads to loss of jobs in the UK to off-shore and removes also the ability, even if a tender is won at such low margin, to take on and train apprentices so in the not too distant future the whole skill and production base within the UK will be lost; then see when that knowledge becomes general, what price Ministries and Local Authorities have to pay. There is also the aspect of what do people do when they are unemployed? Who carries the cost? Isn't it better to have people paying tax by being gainfully employed, improving their morale, with less constraint on the Public Purse and bringing confidence to the community? I suspect after this calculation is done, what is saved by one Ministry in its costs, overall is significantly more expensive to the Government and the Nation.

Generally, the foregoing issues should not materially affect your Company as we have opened new markets with new products, using our traditional skills, in order to offset any potential downturn in our traditional markets and customers.

Much is said about new high tech industries of the 21st century and the extensive support they are to receive. Applying that tenet to traditional business the implication seems to be that they should be left to wither on the vine and die. It is interesting to note that on the metal side of our business with automated progression tooling, which needs capital investment, the costs produced within our own Birmingham factory, given the volume, would be substantially more competitive than an import from the Far East. The reason we cannot achieve this has been the quantum advance in, and the costs of state of the art electronic die sinking, tool making and rapid profiling equipment. This enables computer aided design to be transferred straight to modern equipment to produce the specialist "tooling" for production purposes. Traditional business needs significant help to upgrade to the 21st century by acquiring such specialist equipment, whilst retaining and developing craft skills and other production assets to service as well the more individual high quality and premium priced products such as State Insignia, Mayoral chains, badges of office. It is curious that even within the European Union some countries and competitors of ours can apply for 100% grants which they generally seem to receive in full, without equivocation or difficulty. We work with some of those companies because such full grants are not available in the UK. Would it not be better if they were and in line with similar grants received by European competitors generally from European funding? The conditions and provisos that are imposed in the UK frequently greatly reduce the value of the limited grant through intermediaries appointed to make the applications, leaving Management little choice than to place the work off-shore.

One of our quality products is the manufacture of ribbons, a comparatively mundane product but one where our expertise and quality enables us to export ribbons to 70 countries around the world but, even here, as the Chief Executive has mentioned, the UK supply chain on yarn has been very fragile owing to the downturn in the UK textile industry.

We have to be aware of the "feast and famine" syndrome when emphasising the push in exports. The platform for gaining quality export business requires a firm UK order book to provide the volume to be competitive which exports often do not provide on their own account. It is imperative, therefore, that Government takes account of the many considerations of the overall effect on the economy and take into account the overall benefit to the Nation of encouraging UK manufacture by a fair opportunity for contracts to enable our exports to significantly improve and with fuller order books, to take on the trainees they so desire of the private SME sector.

Bryan Toye
Chairman

12 May 2011

TOYE & Co.

Chief Executive's Report

RESULTS

Turnover for the year ended 31 December 2010 amounted to £8,489,519 compared to £8,231,068 for the previous year. This is an improvement of £258,451 or 3.1%.

Overall we recorded a profit for the year of £100,146, against a loss of £186,478 in 2009, after charging interest payable and stock write downs. The Group continues to pursue strategies to reduce overheads, improve productivity, reduce administrative procedures and increase sales.

Our export sales have increased from £1,318,129 last year to £1,786,619 in 2010. The increase has arisen in sales to both our traditional markets and the retail market which has remained buoyant both in the UK and overseas.

Our gross profits have held steady. The continued pursuit of improvement in all areas of operations has contributed to this, though our ability to progress at the rate we would like to is dependent upon cash resources.

TRADING

Our objectives for 2010 have been to continue to improve our operations in all areas from productivity through to customer service. In particular we are working hard to increase all sales and we are doing so despite the very difficult trading conditions.

The economic downturn may be showing signs of a rising curve in the financial markets but large scale reductions in public spending and redundancies in the public sector without doubt will have an impact on our traditional business that we must compensate for in other market areas.

A return to profit of £100,146 for the year confirmed that we are following the right path.

DIRECTORS, MANAGEMENT AND STAFF

The revised management structure which clearly defines the roles and responsibilities of the executive directors and managers is working well. The on-going improvements within the Group both in administrative and performance terms, and in actual working conditions are reflected in good staff morale, though in common with many businesses we have not raised salaries this year and have only increased wages in response to statutory requirements.

Nicholas Ellwood has joined the management team with responsibility for Business Development in the Masonic and Friendly Societies market.

RISKS AND UNCERTAINTIES

As with all companies operating in the same field, the Group's business may be affected by economic and political activities. Other, more specific risks include:

Operational Factors

As I stated in my report last year the greatest operational risk for the Group is the financial health of our customers and suppliers.

An excellent illustration of this was a crisis in the dyeing services for our weaving. As you are no doubt aware our ribbon is woven from specially dyed yarn, and the reason our product is so highly valued is that we colour match to the customers' specifications with great accuracy. Both our dyers went into administration during this last year. Thank goodness two new companies

TOYE & Co.

Chief Executive's Report (continued)

rose from the ashes, but this seriously impacted on the productivity of our ribbon weaving and following on from that the production of our Masonic Regalia for a critical period.

Currency fluctuations, especially the frequent variations in Sterling against the US Dollar and other global currencies, continue to be a challenge in the pricing of tenders. Tenders are often based on the destination currency of the end user, whilst raw material and other imports are usually denominated in US dollars. The purchasing of commodities, especially precious metal, materially affects your Group's ability to submit fixed price tenders demanded by many sectors in the market place.

Regulatory factors

The plethora of UK legislation, often made in response to European Union Directives, concerning Health and Safety, Employment and Immigration occupy management time disproportionate to the size of our Group, common sense is becoming a lost art.

Industrial injury claims brought by ex-employees whose service with the Group was over twenty years ago are another drain on management time. Although in most cases these people were employed by a number of businesses in the trade, the claim usually lands with the companies like ours that are still trading.

Market Driven factors

The general moratorium on remuneration increases with the following reduction in household and individual spending power without doubt has impacted on our business. Many individuals, businesses and organisations are quite simply short of cash.

It is very disappointing that despite the Government's public support of manufacturing SMEs, government contracts continue to be awarded on price alone, the quality of the product or employment legacy being totally disregarded in favour of short-term savings.

In 2010 the weather and natural catastrophes have also played a significant role in risks and uncertainties, and promise to influence certain of our markets such as Japan in the coming year.

KEY PERFORMANCE INDICATORS

The Group has considered the sales achieved per head of employee, including those in manufacturing, although this is somewhat distorted by wholly factored work. The result has been:

Sales per employee:	2010 – £56,977	2009 – £57,160	2008 – £47,803
Earnings per share:	2010 – 4.45p	2009 – (8.03)p	2008 – (11.90)p

ENVIRONMENTAL POLICY

The Group is committed to a policy that recognises environmental issues in all aspects of its activities, and environmentally sensitive options are integrated in all levels of operation. Increasingly senior management time is being deflected from the primary needs of the business in order to ensure compliance with statutory environmental issues. A good example of our performance in this area is the fact that 96% of all the metal that we use in manufacture is re-cycled.

HEALTH AND SAFETY

The Group is committed to the application of all aspects of health and safety at work. However the volume of such directives is proving burdensome and it is often difficult to discern the value of these costly measures. It is worth noting that our competitors who rely solely on

TOYE & Co.

Chief Executive's Report (continued)

foreign production are not being required to meet these standards, and yet are competing for the same contracts.

OUTLOOK

This last year has been about investment in the Group, our customers and our communities. By this I do not mean using our precious cash resources to achieve change though this has been done too, but much of the investment has been in time, training, ingenuity and sheer hard work. I want this to continue in the year ahead.

It is easy to be diverted by grim news in this country and overseas, and we need to factor in the impact these events may have on our business, but we have to keep our eye on the ball – we have achieved a momentum of change and improvement and must carry it through and gather speed and effect as we do so.

Management are committed to continuing the Group's tradition of high quality manufacture in metal, enamel and textiles. We are committed to the two present factory sites and are implementing an on-going programme to improve productivity. Both sites now boast handsome Showrooms. In the case of the Bedworth factory this is also a shop for the local schools and clubs. It is very important to raise awareness and appreciation of the manufacturing process amongst our present and future customers as this materially influences their decisions to place orders or buy.

Our manufacturing is intrinsic to the Group, but it is no longer the engine room. We win the work for a fashion cufflink, corporate headwear, Civic Badge or army uniform because of our design. Obviously our interpretation and production of the design, and service is key, but you have to get the order first!

We are working to create a far more pro-active sales team to communicate all the Group's possibilities to customers old and new, and respond to the customer's requirements in terms of design, quality, price, delivery and service. Sales in turn must be backed up by our design team, and our sourcing team, who may choose to procure product from our own factories or outside the Group depending on the customer's requirements.

The new warehouse facilities on our Bedworth site are now nearing completion and we are already successfully providing the inventory and distribution services for some of our key customers. This facility will also become the order intake and distribution hub for our e-commerce service as it is added to and improved during the year. The development and delivery of our improved e-commerce sites has proved a far greater challenge than I anticipated, our greatest enemy being the sheer amount and variation of product we produce. I am pleased to report that we are now getting on top of this challenge and you will see new e-commerce sites added to the www.toye.com website during the course of the year.

Apprenticeship is the 'buzz word' at the moment, and has real significance for us as it is essential to bring young blood into the Group and the trade. Our Group is unique in the sheer breadth of skills and training possibilities on offer. But the reality is that ours is a lowly paid business, margins are tight and profit elusive. An apprentice costs in the region of £10,000-£12,000 to train per annum. There needs to be a source of supplementary funding that follows the apprentice for employers in our trade to take them on in any number, and fundamentally we need to bring the right sort of work into our workshops too. However I am working with others in the Jewellery Quarter to develop a workable scheme.

TOYE & Co.

Chief Executive's Report (continued)

We are justifiably proud of our traditional skills, and our design capabilities and I have not yet mentioned innovation and product development. In partnership with Bradford University we launched a new textile infra-red badge. This has been very well received, and is already being trialled by a number of Special Force Units and Security forces. After the Idex Show in Abu Dhabi in February it was 'blogged' as the best innovation at the Show, an accolade indeed considering the other contenders.

Whilst we consider that the trading conditions will continue to be difficult the Directors are hopeful that the success of 2010 will continue. In 2011 the Group will continue to design, manufacture and supply beautifully conceived and crafted identity products in the UK and worldwide.

Fiona Toye
Chief Executive

12 May 2011

TOYE & Co.

Report of the Directors

The Directors present their report and financial statements for the year ended 31 December 2010.

1. RESULTS AND DIVIDEND

The profit for the year before and after taxation amounted to £100,146 (2009: £186,478 loss).

The Directors do not recommend payment of a dividend in respect of the year ended 31 December 2010.

2. REVIEW OF THE BUSINESS

A business review is contained in the Chief Executive's Report on pages 5 to 8.

The Group's activities consist of marketing, selling, supply chain management and distribution, manufacturing as appropriate and procurement of identity products. This comprises the manufacturing and sale of civil and military regalia, including the weaving of ribbons and narrow fabrics, ties and neckwear, flags, leisure wear, trophies, awards, medals, badges, cufflinks, buttons, jewellery, gold and silverware, cutlery, glassware, watches and clocks, commemorative issues and limited editions. For management reporting purposes trading is allocated between three business sectors: textiles, friendly societies and metals.

3. LAND AND BUILDINGS

In the opinion of the Directors the valuation of land and buildings exceeds their book value by £850,000.

4. DIRECTORS

The Directors of the Company at the date of this report are shown on page 2, all served throughout the year.

Mr B E Toye and Mr D Hartley retire by rotation in accordance with the Articles of Association and, being eligible, offer themselves for re-election.

5. DIRECTORS' INTERESTS

The Directors have declared their interests in the Share Capital of the Company at 31 December 2010 as follows:

	As at 31 December 2010		As at 1 January 2010	
	Beneficial Interest	As a Trustee	Beneficial Interest	As a Trustee
B E Toye *	21,500	844,866	21,500	844,866
Mrs F A Toye *	4,000	844,866	4,000	844,866
D Hartley	252,327	–	252,327	–
N K S Wills	272,000	–	272,000	–

* Both B E Toye and Mrs F A Toye are trustees of the same family trust and the shares are jointly held.

The shares held by D Hartley and N K S Wills represents 11.22% (2009: 11.22%) and 12.10% (2009: 12.10%) respectively of the shares in issue. The combined holdings of B E Toye and Mrs F A Toye, beneficial interest and as trustees, represents 38.72% (2009: 38.72%) of the shares in issue.

In addition to the above B E Toye has a beneficial interest in 64,100 (2009: 64,100) shares held by his self invested personal pension scheme.

There have been no changes in Directors' interests in the period 31 December 2010 to 12 May 2011.

6. PRINCIPAL SHAREHOLDERS

In addition to the interests of B E Toye, Mrs F A Toye, D Hartley and N K S Wills shown in note 5, the following have notified the Company as being interested in 3% or more of the Company's ordinary share capital as at 31 March 2011:

	Number of Shares	Percentage
S Elias	164,851	7.33%
Mrs R M W Green (née Toye)	89,220	3.97%

7. EMPLOYEES

The Group recognises that a loyal and highly skilled workforce is essential to the future of the business. During the year, the policy of providing employees with information about the Group has continued and employees are encouraged to present their suggestions. Regular meetings are held between management and employee representatives and committees to allow a free flow of information and ideas.

The Group recognises its obligations towards disabled people. Our policy is to give full and fair consideration to every employment application from disabled persons, having regard to their particular aptitudes and abilities and to give equal opportunities to disabled employees, with other employees, for training, career development and promotion. Every practicable effort is made to continue the employment of, or arrange appropriate training for, employees who become disabled.

8. TREASURY

The Group does not actively use financial instruments as part of its risk management. It is exposed to the usual credit, liquidity and cash flow risks associated with buying and selling on credit and manages this through credit control procedures and cash flow management. The nature of its financial instruments means that they are not subject to additional price risk or liquidity risk. The Group's financial risk management procedures can be found at note 1.3 to the financial statements and further details of financial instruments can be found at note 17.

The Group's policies in respect of treasury management are as follows:

Financing

The Group's policy is to differentiate the financing options between medium and long term funds required for acquisitions and short term working capital finance. Medium and long term funds are financed by an initial loan of £1,500,000 which had reduced to £1,105,857 at 31 December 2010 and is scheduled for repayment over 12 years from April 2007 by equal monthly instalments. Working capital finance for day to day requirements is provided through operating cash generation supported by an overdraft facility of £300,000 and a confidential invoice discounting facility to allow flexibility of access to funds. The Board monitors the Group's financing through its regular review of trading performance and authorises all significant transactions.

Interest rates

The Group's policy is to minimise interest charges and to limit its exposure to volatility within the market. Interest rates are therefore managed using floating rate borrowings linked to UK base rates.

Foreign currency

Where appropriate the Group matches foreign currency sales and purchases and uses forward contracts.

TOYE & Co.

Report of the Directors (continued)

9. SUPPLIERS' PAYMENT POLICY AND PRACTICE

The Group agrees terms and conditions for its business transactions with suppliers. Payment is then made in accordance with these terms subject to the terms and conditions being met by the supplier. At 31 December 2010 the Group's trade creditor days outstanding amounted to 48 days (2009: 55 days).

10. STATEMENT REGARDING INFORMATION GIVEN TO THE AUDITOR

Each of the directors has confirmed that, so far as he or she is aware, there is no relevant audit information of which the company's auditor is unaware, and that he or she has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

11. ANNUAL GENERAL MEETING

The Annual General Meeting will be held on 21 June 2011.

This report was approved by the Board on 12 May 2011 and signed on its behalf by:

N A Haynes B.Sc., F.C.A.

Secretary

TOYE & Co.

Other Reports and Statements

CORPORATE GOVERNANCE STATEMENT

The Company has applied principles of corporate governance commensurate with its size.

Board of Directors

The Board currently comprises two independent Non-Executive Directors and four Executive Directors, and is responsible to shareholders for the proper management of the Group. Board meetings are held at least every two months and more frequently as circumstances require. The Board is responsible for setting and monitoring Group strategy, reviewing trading performance, funding, operating budgets, capital expenditure, acquisitions and divestments, formulating policy on key issues and reporting to shareholders.

The Board meets with the auditor periodically and as necessary. Directors are entitled to individual access to the Company's auditor at the Company's expense if there are concerns they wish to raise privately.

Audit Committee

The Audit Committee members are Mr D Hartley (Chairman), Mr N K S Wills and Lord Rowe-Beddoe, who all served throughout the year. It examines and reviews, on behalf of the Board, internal financial controls, financial and accounting policies and practices, the form and content of financial reports and statements and the work of the external auditor. This includes reviewing the nature and extent of non-audit services supplied by the external auditor to the Company, seeking to balance objectivity and value for money. In addition, the Board receives written confirmation from the external auditor as to any relationships which may be reasonably thought to bear on their independence. The external auditor also confirm whether they consider themselves independent within the meaning of UK regulatory and professional requirements.

Remuneration Committee

The Board has established a Remuneration Committee and set its terms of reference. The Remuneration Committee members are Mr N K S Wills (Chairman), Lord Rowe-Beddoe and Mr D Hartley who all served throughout the year. The role of the Committee is to set the Company's policy on the remuneration of the Executive Directors and senior management and to determine their specific remuneration packages, including bonus and share option arrangements. The whole Board decides upon the remuneration of the Non-Executive Directors. The Committee also acts as the Nomination Committee of the Board.

Re-appointment of Non-Executive Directors

All Non-Executive Directors are subject to re-election at the Annual General Meeting following their appointment, and at least once every three years.

Going Concern

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Relations with Shareholders

Communications with Shareholders are given high priority. The Chief Executive's Report on pages 5 to 8 includes a detailed review of the business and future developments. The Board uses the Annual General Meeting to communicate with investors and welcomes their participation. The Chairman aims to ensure that the Chairmen of the Audit and Remuneration Committees are available at Annual General Meetings to answer questions. Details of resolutions to be proposed at the Annual General Meeting on 21 June 2011 can be found in the Notice of the meeting on page 40.

TOYE & Co.

Other Reports and Statements (continued)

Internal Control

The Board is responsible for the Group's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board is of the view that there is an on-going process for identifying, evaluating and managing the Group's significant risks, that it has been in place for the year ended 31 December 2010 and up to the date of approval of the annual report and accounts, that it is regularly reviewed by the Board and that it accords with the internal control guidance for directors on the Combined Code, where relevant for a company of our size.

The Board receives reports setting out actual and budgeted performance and considers possible control issues brought to their attention by early warning mechanisms which are embedded within the operational units and reinforced by risk awareness training. The Board and the Audit Committee also receive regular reports from the 'health, safety and environmental monitoring' functions which include recommendations for improvement. The Audit Committee's role in this area is confined to a high level review of the arrangements for internal financial control.

The Board's agenda includes a regular item for consideration of risk and control and receives reports thereon from the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its April 2011 meeting, the Board carried out the annual assessment for the year 2010, also taking account of events since 31 December 2010.

REPORT OF THE REMUNERATION COMMITTEE

The principal function of the Remuneration Committee is to determine the remuneration packages of all executive directors and approve those of senior management. This includes pension contributions, bonus payments, share options and service contracts.

The members of the Committee, which is chaired by a Non-Executive Director, are given on page 12.

The Company operates a remuneration policy for executive directors and senior management designed to ensure it attracts and retains the management skills necessary for it to remain a leader in its field. The Committee believes that directors' and senior managers' total remuneration should seek to recognise their worth in the external market.

Details of Directors' remuneration are set out in note 6 to the financial statements.

Service contracts of the Executive Directors have notice periods of less than one year's duration.

TOYE & Co.

Other Reports and Statements (continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the report of the directors 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, as required by the AIM Rules of the London Stock Exchange, elected to prepare the group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and have also elected to prepare the parent company financial statements in accordance with those standards. 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 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 judgments and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with IFRSs as adopted by the European Union; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

TOYE & Co.

Report of the Auditor

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TOYE & COMPANY PUBLIC LIMITED COMPANY

We have audited the financial statements of Toye & Company Public Limited Company for the year ended 31 December 2010 which comprise the group statement of comprehensive income, the group and parent company statements of financial position, the group and parent company statements of changes in equity, the group and parent company statements of cash flows, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

Respective responsibilities of directors and auditor

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2010 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

TOYE & Co.

Report of the Auditor (continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the report of the directors 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.

Tobias Stephenson (Senior statutory auditor)
For and on behalf of PKF (UK) LLP, Statutory auditor
Birmingham UK

12 May 2011

TOYE & Co.

Group Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	**2010** £	2009 £
Revenue	2	**8,489,519**	8,231,068
Operating expense	3	**(8,329,900)**	(8,358,633)
Operating profit/(loss)		**159,619**	(127,565)
Finance costs	7	**(59,473)**	(58,913)
Profit/(loss) before taxation		**100,146**	(186,478)
Taxation	8	**–**	–
Profit/(loss) for the year		**100,146**	(186,478)
Other comprehensive income			
Other comprehensive income for the year		**–**	–
Total comprehensive income for the year		**100,146**	(186,478)

All of the comprehensive income for the year is attributable to equity holders of the parent.

All activities relate to continuing operations.

Earnings per share

Earnings/(loss) per share (basic and diluted)	10	**4.45p**	(8.30)p

TOYE & Co.

Statements of Financial Position

AT 31 DECEMBER 2010

	Notes	The Group 2010 £	The Group 2009 £	The Company 2010 £	The Company 2009 £
Assets					
Non-current assets					
Property, plant & equipment	11	**1,998,817**	2,057,461	**1,841,740**	1,880,760
Investments in subsidiary undertakings	12	**–**	–	**1,467,014**	1,377,748
		1,998,817	2,057,461	**3,308,754**	3,258,508
Current assets					
Inventories	13	**1,333,818**	1,207,486	**–**	–
Trade and other receivables	14	**1,660,642**	1,213,244	**5,267**	9,955
Cash and cash equivalents		**21,056**	9,810	**–**	–
		3,015,516	2,430,540	**5,267**	9,955
Liabilities					
Current liabilities					
Trade and other payables	15	**1,483,315**	1,235,590	**479,308**	466,512
Current borrowings	16	**761,760**	441,999	**109,164**	91,158
Current portion of long term borrowings	16	**122,012**	119,300	**122,012**	119,300
		2,367,087	1,796,889	**710,484**	676,970
Net current assets/(liabilities)		**648,429**	633,651	**(705,217)**	(667,015)
Non-current liabilities					
Non-current borrowings	16	**983,845**	1,105,857	**983,845**	1,105,857
Deferred payments		**–**	22,000	**–**	–
		983,845	1,127,857	**983,845**	1,105,857
Net assets		**1,663,401**	1,563,255	**1,619,692**	1,485,636
Equity attributable to equity holders of the parent					
Ordinary shares	19	**562,000**	562,000	**562,000**	562,000
Share premium		**2,677**	2,677	**2,677**	2,677
Retained earnings		**1,098,724**	998,578	**1,055,015**	920,959
Total equity		**1,663,401**	1,563,255	**1,619,692**	1,485,636

The financial statements were approved and authorised for issue by the Board of Directors and were signed on its behalf on 12 May 2011.

F A Toye, Chief Executive

D Hartley, Director

TOYE & Co.

Statements of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2010

	Ordinary shares £	Share premium £	Retained earnings £	Total equity £
The Group				
Balance at 1 January 2009	**562,000**	**2,677**	**1,185,056**	**1,749,733**
Changes in equity for 2009				
(Loss) for the year	–	–	(186,478)	(186,478)
Total comprehensive income for the year	–	–	(186,478)	(186,478)
Balance at 31 December 2009	**562,000**	**2,677**	**998,578**	**1,563,255**
Changes in equity for 2010				
Profit for the year	–	–	100,146	100,146
Total comprehensive income for the year	–	–	100,146	100,146
Balance at 31 December 2010	**562,000**	**2,677**	**1,098,724**	**1,663,401**

All equity is attributable to equity holders of the parent.

	Ordinary shares £	Share premium £	Retained earnings £	Total equity £
The Company				
Balance at 1 January 2009	**562,000**	**2,677**	**1,100,384**	**1,665,061**
Changes in equity for 2009				
(Loss) for the year	–	–	(179,425)	(179,425)
Total comprehensive income for the year	–	–	(179,425)	(179,425)
Balance at 31 December 2009	**562,000**	**2,677**	**920,959**	**1,485,636**
Changes in equity for 2010				
Profit for the year	–	–	134,056	134,056
Total comprehensive income for the year	–	–	134,056	134,056
Balance at 31 December 2010	**562,000**	**2,677**	**1,055,015**	**1,619,692**

TOYE & Co.

Statements of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	The Group 2010 £	The Group 2009 £	The Company 2010 £	The Company 2009 £
Cash flows (used by)/from operating activities					
Cash generated (used by)/ from operating activities	24	**(72,191)**	593,339	**845**	55,918
Interest received		**–**	–	**159,922**	79,960
Interest paid		**(59,473)**	(58,913)	**(59,473)**	(58,913)
Net cash (absorbed by)/generated from operating activities		**(131,664)**	534,426	**101,294**	76,965
Cash flows from investing activities					
Purchase of property, plant and equipment		**(57,551)**	(54,450)	**–**	–
Proceeds from sale of property, plant and equipment		**–**	11,611	**–**	–
Net cash flows (used in) investing activities		**(57,551)**	(42,839)	**–**	–
Cash flows from financing activities					
Repayment of borrowings		**(119,300)**	(115,465)	**(119,300)**	(115,465)
Net cash flows (used in) financing activities		**(119,300)**	(115,465)	**(119,300)**	(115,465)
Net (decrease)/increase in cash and cash equivalents		**(308,515)**	376,122	**(18,006)**	(38,500)
Cash and cash equivalents at the beginning of the year		**(432,189)**	(808,311)	**(91,158)**	(52,658)
Cash and cash equivalents at the end of the financial year	20	**(740,704)**	(432,189)	**(109,164)**	(91,158)

TOYE & Co.

Notes to the Financial Statements

1. ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been applied consistently to all the years presented.

1.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with IFRS and International Financial Reporting Interpretations Committee ("IFRIC") interpretations as adopted by the European Union, and those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts in the financial statements. The areas involving a higher degree of judgement or complexity, or areas where assumptions or estimates are significant to the financial statements are disclosed in note 1.5.

A separate statement of comprehensive income for the parent company has not been presented as permitted by section 408 of the Companies Act 2006.

1.1.1 Adoption of standards effective in 2010

The following standards and interpretations have been applied by the Group for the first time from 1 January 2010:

- IFRS 3 – Business combinations (Revised)
- IAS 27 – Consolidated and separate financial statements
- IFRIC 17 – Distributions of non-cash assets to owners

IFRS 3 – The application of IFRS 3 (Revised) has resulted in a number of changes, most notably:

- Directly attributable acquisition costs are expensed rather than included in the purchase consideration.
- Contingent considerations are now measured at fair value on the acquisition date, with subsequent changes in fair value recognised in profit or loss.
- Where a group gains control of a subsidiary through a step acquisition, previously held interests are required to be fair valued at the date control is obtained and a deemed gain or loss recognised in profit or loss.
- As permitted by IFRS 3 (Revised) non-controlling interests at acquisition are to be measured at their fair value or at their proportionate share of the aquiree's net identifiable assets in the determination of goodwill.

The Group did not incur any such costs during the year under review.

IAS 27 – The standard requires that transactions involving non-controlling interests, where no change in control occurs should be accounted for as equity transactions. Furthermore losses to the group, which are attributable to the owners of non-controlling interest, are attributed to these owners, even if this results in a deficit. There were no such transactions during the year under review and the amendments have no effect on the results of the group.

IFRIC 17 – The IFRIC has clarified when a dividend should be recognised by a company and requires that where non-cash assets are distributed as dividends, the differences between the book value and the value of the dividend be recognised in profit and loss. As there were no dividends declared during this period, the implementation of this IFRIC had no effect on the financial statements.

All other standards and interpretations that became effective in 2010 are not relevant to the Group's operations.

1.1.2 Standards and interpretations issued but not yet applied

None of the standards and interpretations that have been issued but are not effective will have a material impact on the financial statements.

TOYE & Co.

Notes to the Financial Statements (continued)

1. ACCOUNTING POLICIES (continued)

1.2 Summary of significant accounting policies

Basis of consolidation
Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies so as to obtain benefit from their activities. Subsidiaries are fully consolidated from the date on which control is transferred until the date that the control ceases.

Inter-company transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated.

Business combinations
Business combinations are accounted for using the acquisition method. The consideration for acquisition is measured at the fair values of assets given, liabilities incurred or assumed, and equity instruments issued by the Company in order to obtain control of the acquiree (at the date of exchange). Costs incurred in connection with the acquisition are recognised in profit and loss as incurred.

Revenue recognition
Revenue comprises the fair value of the sale of goods to external customers, net of value added tax, rebates, promotions and returns. Revenue is recognised on the sale of goods when the significant risks and rewards of ownership of the goods have passed to the customer and the amount of the revenue can be measured reliably.

Property, plant and equipment
The Group has applied the exemption available under IFRS 1 allowing the use of previous revaluations as deemed cost at the transition date, this being 1 January 2006.

Property, plant and equipment are held at cost less accumulated depreciation.

Depreciation of property, plant and equipment is provided to write off the costs, less residual value, on a straight-line basis over their useful economic lives as follows:

Freehold and long leasehold buildings are depreciated over 50 years
Plant and equipment is depreciated over 4 to 10 years according to the estimated life of the asset
Motor vehicles are depreciated over 4 years
Land is not depreciated

The residual values, remaining useful lives, and depreciation methods are reviewed annually and adjusted if appropriate.

Gains or losses on disposal are included in profit or loss.

Impairment of assets
The Group assesses at each balance sheet date whether there is any indication that any of its assets have been impaired. If such indication exists, the asset’s recoverable amount is estimated and compared to its carrying value.

For goodwill, intangible assets that have an identified life and intangible assets not yet available for use, the recoverable amount is estimated at each balance sheet date and whenever there is an indication of impairment.

An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. Impairment losses are recognised in the Statement of Comprehensive Income.

Goodwill and intangible assets
In accordance with IFRS 1, the Group has applied the exemption from retrospectively recalculating goodwill which arose on acquisitions prior to 1 January 2006. Goodwill prior to the date of transition has been written off against reserves.

TOYE & Co.

Notes to the Financial Statements (continued)

1. ACCOUNTING POLICIES (continued)

Trade receivables
Trade receivables are stated at their original invoiced value, as the interest that would be recognised from discounting future cash receipts over the short period is not considered to be material. Trade receivables are reduced by appropriate allowances for estimated irrecoverable amounts.

Trade payables
Trade payables are stated at their original invoice value, as the interest that would be recognised from discounting future cash payments over the short period is not considered to be material.

Inventories
Inventories are valued at the lower of cost and net realisable value. Cost, in the case of work in progress and finished goods, includes an appropriate proportion of production overheads. Cost of materials is valued on a first in, first out basis.

Cash and cash equivalents
Cash and cash equivalents includes cash in hand, deposits held with banks and bank overdrafts which include amounts advanced under invoice discounting arrangements. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet. For the purpose of the Statements of Cash Flows, cash and cash equivalents are defined as above, net of outstanding bank overdrafts.

Interest bearing borrowings
Interest bearing borrowings are stated at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability.

Basis of charge of taxation
The tax base of an asset is the amount that will be deductible for tax purposes against any economic benefits that will flow to an entity when it recovers the carrying amount of the asset. If those economic benefits will not be taxable, the tax base of the asset is equal to its carrying amount.

The tax base of a liability is its carrying amount, less any amount that will be deductible for tax purposes in respect of that liability in future periods.

Deferred taxation
Deferred taxation is provided in full using the liability method. Deferred tax is the future tax consequence of temporary differences between the carrying amount and tax bases of assets and liabilities shown on the balance sheet. Deferred tax assets and liabilities are not recognised if they arise in the following situations: the initial recognition of goodwill; or the initial recognition of assets and liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of recovery or settlement of the carrying amount of asset and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

The Group does not recognise deferred tax liabilities, or deferred tax assets, on temporary differences associated with investments in subsidiaries as it is not considered probable that the temporary differences will reverse in the foreseeable future. It is the Group's policy to reinvest undistributed profits arising in the Group companies.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. The carrying amount of the deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Fixed asset investments
Fixed asset investments are stated at cost less provision for any impairment. The provision is adjusted annually to reflect the recoverable amount based on the net asset value of subsidiary undertakings.

TOYE & Co.

Notes to the Financial Statements (continued)

1. ACCOUNTING POLICIES (continued)

Retirement benefit
During the year the Group operated a defined contribution pension scheme. Contributions to defined contribution plans are recognised as an expense as the contributions accrue.

Leases
Rentals payable under operating leases are recognised in the Statement of Comprehensive Income on a straight line basis over the term of the lease. Benefits received as an incentive to sign a lease, whatever form they may take, are credited to the Statement of Comprehensive Income on a straight line basis over the lease term.

Financial instruments
The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are recognised on trade date when the Group becomes a party to the contractual provisions of the instrument. Financial instruments are recognised initially at fair value plus, in the case of a financial instrument not at fair value through profit and loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

Financial instruments are derecognised on trade date when the Group is no longer a party to the contractual provision of the instrument.

Financial assets at fair value through profit and loss
Financial assets at fair value through profit and loss comprise forward exchange contracts. Subsequent to initial recognition financial assets at fair value through profit and loss are stated at fair value. Movements in fair value are taken directly to the Statement of Comprehensive Income.

1.3 Financial risk management
The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments, when appropriate, to hedge certain risk exposure.

Financial risk management is carried out under policies approved by the Board. The finance team identifies and evaluates financial risks. The Board approves the measures taken to manage specific areas such as foreign exchange risk, interest rate risk, credit risk and use of derivative financial instruments. In the directors' opinion the carrying value of financial instruments approximates to their fair value.

Financial risk management is carried out on a group basis and the company is not considered to be exposed to any further significant risks.

Foreign exchange risk
The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily in respect of the US dollar. To manage its foreign exchange risk arising from future commercial transactions the Group use forward contracts and where applicable matches the selling and buying currencies.

Cash flow and fair value interest rate risk
As the Group has no significant interest bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises from long term borrowings. Borrowings issued at variable interest rates expose the Group to cash flow interest rate risk.

The Group manages its cash flow interest rate risk by occasionally entering into arrangements to cap its interest exposure.

TOYE & Co.

Notes to the Financial Statements (continued)

1. ACCOUNTING POLICIES (continued)

Credit risk

Concentrations of credit risk with respect to customers are limited due to the Group's customer base being large and unrelated. Customers are assessed for credit worthiness and where appropriate the Group obtains security for its exposure to the risk of default. Credit limits are also imposed on customers and reviewed regularly.

Liquidity risk

Management review cashflow forecasts on a regular basis to determine whether the Group has sufficient cash reserves to meet future working capital requirements and to take advantage of business opportunities.

1.4 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure the Group may sell assets to reduce debt.

The Group monitors capital on the basis of a gearing ratio. This ratio is calculated as net liabilities divided by total capital. Net liabilities are calculated as total liabilities (including borrowings and trade and other payables, as shown in the Statements of Financial Position) less cash and cash equivalents. Total capital is calculated as equity, as shown in the Statements of Financial Position.

The debt to adjusted capital ratio at 31 December 2010 and at 31 December 2009 were as follows:

	2010	2009
	£	£
Total liabilities	**3,350,932**	2,924,746
Less: cash and cash equivalents	**21,056**	9,810
Net liabilities	**£3,329,876**	£2,914,936
Total equity	**£1,663,401**	£1,563,255
Debt to adjusted capital ratio	**200%**	186%

1.5 Significant accounting estimates and judgements

The preparation of financial statements requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period.

On an ongoing basis, management evaluates its estimates and judgements including those relating to income taxes, deferred tax, financial instruments, property, plant and equipment, goodwill, intangible assets, valuations and provisions.

Management bases its estimates and judgements on historic experience and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgements about the carrying value of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates under different assumptions and conditions.

The estimates and assumptions that have a significant effect on the amounts recognised in the financial statements are detailed below.

Impairment of property, plant and equipment

Property, plant and equipment are reviewed for impairment if circumstances suggest that the carrying amount may not be recoverable.

TOYE & Co.

Notes to the Financial Statements (continued)

1. ACCOUNTING POLICIES (continued)

Impairment of inventories and receivables
Stocks and debtors are reviewed for impairment if circumstances suggest that the carrying amount may not be recoverable. The stock provision is based on a review of historic and expected future usage.

Deferred tax asset
The Directors have not recognised a deferred tax asset as they believe market conditions are too uncertain at this time.

2. SEGMENTAL REPORTING

In identifying its operating segments, management generally follow the manufacturing or sourcing of the products.

The Group operates in the supply of identity products to a large and varied market and customer base. The type of products sold into this market generally fall under either a textile or metals (including corporate gifts) umbrella. The exception to this being the friendly societies market.

Each of the textile, metals and friendly societies operating segments is managed separately as each of these segments requires different resources and core skills. All transfers between the segments are carried out at cost.

The measurement policies the Group uses for segment reporting under IFRS 8 are the same as those used in its financial statement.

Management currently identifies three units as operating segments as described above. These operating segments are monitored and strategic decisions are made on the basis of segment operating results.

	Textiles	Friendly societies	Metals	Total
	2010	2010	2010	2010
	£	£	£	£
Revenue	3,337,388	945,397	4,475,944	8,758,729
Gross profit	1,438,817	328,456	1,947,568	3,714,841
Works overheads	511,861	56,570	614,400	1,182,831
Manufacturing contribution by segment	926,956	271,886	1,333,168	2,532,010
Selling and administration costs				2,219,079
Profit before finance and costs associated with the listing				312,931
Costs associated with the AIM listing				81,956
Other bank charges and leasing costs				71,356
Interest				59,473
Net profit				100,146

Included in total revenue is £269,210 in respect of sales between business sectors.

TOYE & Co.

Notes to the Financial Statements (continued)

2. SEGMENTAL REPORTING (continued)

	Textiles	Friendly societies	Metals	Total
	2009	2009	2009	2009
	£	£	£	£
Revenue	4,014,297	1,086,655	3,389,850	8,490,802
Gross profit	1,784,049	398,841	1,211,356	3,394,246
Works overheads	511,611	65,935	609,365	1,186,911
Manufacturing contribution by segment	1,272,438	332,906	601,991	2,207,335
Selling and administration costs				2,086,339
Profit before finance, restructuring and costs associated with the listing				120,996
Reorganisation, restructuring and redundancy costs				87,779
Costs associated with the AIM listing				81,551
Other bank charges and leasing costs				79,231
Interest				58,913
Net (loss)				(186,478)

Included in total revenue is £259,734 in respect of sales between business sectors.

The Group's revenues from external customers are divided into the following geographical markets:

	2010	2009
	£	£
United Kingdom	**6,702,900**	6,912,939
Rest of World	**1,786,619**	1,318,129
	8,489,519	8,231,068

All non-current assets are held within the United Kingdom. Additions to fixed assets are disclosed in note 11.

During 2010, £1,208,732 or 14.2% (2009: £1,055,071 or 12.8%) of the Group's revenues depended on a single customer whose sales were made from the textiles and metals segments.

The assets of the business have been attributed to the segments on the following basis.

	Textiles	Friendly societies	Metals	Total
	2010	2010	2010	2010
	£	£	£	£
Inventories	647,649	275,074	411,095	1,333,818
Unallocated assets				3,680,515
Unallocated liabilities				3,350,932
	2009	2009	2009	2009
	£	£	£	£
Inventories	558,392	247,771	401,323	1,207,486
Unallocated assets				3,280,515
Unallocated liabilities				2,924,746

Fixed assets are not allocated between sectors.

TOYE & Co.

Notes to the Financial Statements (continued)

2. SEGMENTAL REPORTING (continued)

All sectors of the Group sell into the same markets and share many of the same customers and thus receivables are not attributed to the individual business sectors.

Similarly all sectors of the Group purchase from the same suppliers and as such the trade payables are not attributed to the business sectors.

Borrowing and finance costs are arranged centrally by the Group and are not attributed to the business sectors.

3. OPERATING EXPENSES BY NATURE

	2010	2009
	£	£
Changes in inventories of finished goods and work in progress	**(108,150)**	182,514
Raw materials and consumables used	**3,847,095**	3,626,209
Employee benefits, excluding redundancy costs	**3,123,510**	2,964,624
Depreciation – owned assets	**116,195**	109,973
Audit and non-audit services	**36,150**	37,100
Reorganisation, restructuring and redundancies	**–**	87,779
Hire of plant and machinery	**25,414**	25,452
Rent of land and buildings	**–**	6,000
Other expenses	**1,289,686**	1,318,982
	8,329,900	8,358,633

The restructure and reorganisation costs relate to the Group's commitment to improve its working conditions and manufacturing efficiencies.

Included in cost of raw materials and consumables used is a credit of £39,044 (2009: credit £55,640) in respect of movement in the inventory provision.

4. AUDIT AND NON-AUDIT SERVICES

	2010	2009
	£	£
Fees payable to the Group's auditor for the audit of the Group's annual financial statements	**5,000**	5,000
Fees payable to the Group's auditor in respect of the audit of the Company's subsidiaries annual financial statements	**25,000**	27,000
Tax services	**6,150**	5,100
Total auditor's remuneration	**36,150**	37,100

The Audit Committee has established a policy concerning the provision of non-audit services by the auditor and all of the services provided in the year were engaged in accordance with this policy.

TOYE & Co.

Notes to the Financial Statements (continued)

5. EMPLOYEES BENEFITS

	2010	2009
	£	£
Wages and salaries	**2,846,797**	2,782,882
Social security costs	**241,646**	234,759
Other pension costs	**35,067**	34,762
	3,123,510	3,052,403

The average monthly number of employees during the year including executive Directors but excluding agents and outworkers was as follows:

Management, office staff and sales staff	**57**	56
Manufacturing	**92**	88
	149	144

6. DIRECTORS' EMOLUMENTS

The emoluments of the Directors of the Company were:

	2010	2009
	£	£
Fees	**36,000**	36,000
Remuneration (including benefits)	**215,267**	243,368
	251,267	279,368

Total emoluments excluding pension contributions:

	Basic Salary	Fees	Total Benefits	**Total 2010**	Total 2009
	£	£	£	**£**	£
B E Toye	80,000	–	8,864	**88,864**	121,625
Lord Rowe-Beddoe	–	16,000	–	**16,000**	16,000
Mrs F A Toye	62,250	–	213	**62,463**	59,968
N A Haynes	57,000	–	6,940	**63,940**	61,775
D Hartley	–	10,000	–	**10,000**	10,000
N K S Wills	–	10,000	–	**10,000**	10,000
	199,250	36,000	16,017	**251,267**	279,368

Payments were also made during the year as money-purchase contributions under the Group's pension arrangements in respect of N A Haynes amounting to £8,550 (2009: £8,236).

None of the Directors waived their rights to emoluments.

There were no share option schemes or other incentive schemes operating during the year ended 31 December 2010.

TOYE & Co.

Notes to the Financial Statements (continued)

7. FINANCE COSTS

	The Group	
	2010	2009
	£	£
Interest receivable – Bank interest	**–**	–
Interest payable – Bank borrowings	**(59,473)**	(58,913)
Total net finance costs	**(59,473)**	(58,913)

8. TAXATION

The charge for the year represents:

	2010	2009
	£	£
UK corporation tax on profit for the period	**–**	–
Factors affecting the tax charge for the year:		
Profit/(loss) on ordinary activities before taxation	**100,146**	(186,478)
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 27% (2009: 28%)	**27,039**	(52,213)
Capital allowances in advance of depreciation on which deferred taxation is not recognised	**(3,695)**	1,605
Other short term timing differences on which deferred taxation is not recognised	**13,219**	(1,066)
Expenses not deductible for tax purposes	**8,237**	330
Tax losses (utilised)/carried forward net of utilisation of tax losses carried forward on which deferred taxation is not recognised	**(44,800)**	51,344
	–	–

Factors that may affect future tax:

There are tax losses available for relief against future taxable profits of the relevant businesses amounting to £2,300,000 (2009: £2,550,000).

9. PROFIT FOR THE FINANCIAL YEAR

The profit dealt with in the accounts of the Parent Company was £134,056 (2009: £179,425 Loss). The parent company had no other comprehensive income for the year other than the profit for the year (2009: £nil).

10. EARNINGS PER ORDINARY 25P SHARE

The earnings per ordinary 25p share is based on the profit after taxation and the average number of shares in issue throughout the year.

	2010	2009
Profit/(loss)	**£100,146**	£(186,478)
Average number of shares in issue	**2,248,000**	2,248,000
Profit/(loss) per share – basic and diluted	**4.45p**	(8.30)p

There were no potentially dilutive ordinary shares in issue.

TOYE & Co.

Notes to the Financial Statements (continued)

11. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings Freehold £	Long leasehold £	Plant and equipment £	Motor vehicles £	Total £
Group					
Cost or deemed cost					
At 1 January 2009	1,170,000	1,179,000	2,050,531	75,960	4,475,491
Additions	–	–	14,264	40,186	54,450
Disposals	–	–	(222,865)	(32,656)	(255,521)
At 31 December 2009	1,170,000	1,179,000	1,841,930	83,490	4,274,420
Additions	–	–	57,551	–	57,551
At 31 December 2010	1,170,000	1,179,000	1,899,481	83,490	4,331,971
Depreciation					
At 1 January 2009	205,040	224,180	1,876,814	44,862	2,350,896
Charge for year	18,640	20,380	49,468	21,485	109,973
Disposals	–	–	(221,969)	(21,941)	(243,910)
At 31 December 2009	223,680	244,560	1,704,313	44,406	2,216,959
Charge for year	18,640	20,380	54,772	22,403	116,195
At 31 December 2010	242,320	264,940	1,759,085	66,809	2,333,154
Carrying amount at 31 December 2010	**927,680**	**914,060**	**140,396**	**16,681**	**1,998,817**
Carrying amount at 31 December 2009	946,320	934,440	137,617	39,084	2,057,461
Carrying amount at 1 January 2009	964,960	954,820	173,717	31,098	2,124,595
Company					
Cost or deemed cost					
At 1 January 2009	1,170,000	1,179,000	14,170	–	2,363,170
At 31 December 2009 and 31 December 2010	1,170,000	1,179,000	14,170	–	2,363,170
Depreciation					
At 1 January 2009	205,040	224,180	14,170	–	443,390
Charge for year	18,640	20,380	–	–	39,020
At 31 December 2009	223,680	244,560	14,170	–	482,410
Charge for year	18,640	20,380	–	–	39,020
At 31 December 2010	242,320	264,940	14,170	–	521,430
Carrying amount at 31 December 2010	**927,680**	**914,060**	**–**	**–**	**1,841,740**
Carrying amount at 31 December 2009	946,320	934,440	–	–	1,880,760
Carrying amount at 1 January 2009	964,960	954,820	–	–	1,919,780

Included in freehold and long leasehold properties is land valued at £238,000 and £160,000, respectively, which is not depreciated.

TOYE & Co.

Notes to the Financial Statements (continued)

12. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

The Company	Shares	Loans	Total
Subsidiary undertakings	£	£	£
Cost			
At 1 January 2009 and 31 December 2009	3,547,557	1,122,942	4,670,499
(Dormant subsidiary written off)	(99,189)	(5,086)	(104,275)
At 31 December 2010	3,448,368	1,117,856	4,566,224
Provisions			
At 1 January 2009	2,366,553	748,696	3,115,249
Addition	177,502	–	177,502
At 31 December 2009	2,544,055	748,696	3,292,751
(Reduction)	(193,541)	–	(193,541)
At 31 December 2010	2,350,514	748,696	3,099,210
Net book value			
At 31 December 2010	**1,097,854**	**369,160**	**1,467,014**
At 31 December 2009	1,003,502	374,246	1,377,748
At 1 January 2009	1,081,004	374,246	1,555,250

Toye & Company Public Limited Company controls 100% of the issued share capital of all its subsidiary undertakings. The principal trading subsidiary undertaking during 2010 was Toye, Kenning & Spencer Limited, a company registered in England and principally trading within the United Kingdom. The activities and trading names of Toye, Kenning & Spencer Limited are listed below:

Toye, Kenning & Spencer Limited	Distributors of Group products. Supply chain management and distribution. Screen print and leisure wear products. Manufacture and sale of badges, ribbons, laces, cords, fringes, regalia, publications, furniture and accessories, uniform accoutrements, trimmings and accessories. Manufacture and sale of sports trophies, medallions, badges, societies' insignia, enamel boxes and giftware. Supplier of flags, bunting and banners.
Toye & Co. USA, Inc. (Registered in the United States of America)	Distributor of Group products.
* London Badge & Button Company	Manufacture and sale of metal work products including badges, buttons and cufflinks.
* KJD Jewellers	Manufacture and sale of gold and silver cufflinks.
* Jackson & Froggatt	Stampers and press workers.
* Cornelia James Neckwear	Manufacture and sale of ties and neckwear.
* Benton & Johnson	Gold and silver wire drawers, manufacturers of gold and silver thread, plate, lace, cord, braid, regalia and all embroidery materials.
* John Taylor, Poston & Co	Suppliers of silver plate, glass, cutlery, gifts and presentations, jewellery, watches and clocks.
* Chas C. Stadden	Manufacture and sale of pewter figurines and models.
* Weston Cap	Manufacture and sale of uniform headdress.
* E Dent & Company (Horologists)	Manufacture, repair and sale of clocks and watches.

* Denotes dormant companies whose trading names are used by Toye, Kenning & Spencer Limited.

TOYE & Co.

Notes to the Financial Statements (continued)

13. INVENTORIES

	2010	2009
	£	£
The Group		
Raw materials	**420,810**	402,628
Work in progress	**253,885**	224,845
Finished goods and goods for resale	**659,123**	580,013
	1,333,818	1,207,486

Inventories to the value of £729,086 (2009: £838,749) are carried at net realisable value.

14. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2010	2009	**2010**	2009
	£	£	**£**	£
Trade receivables	**1,563,228**	1,140,169	**–**	–
Other debtors	**4,291**	9,900	**4,291**	9,900
Prepayments and accrued income	**93,123**	63,175	**–**	–
Other taxes	**–**	–	**976**	55
	1,660,642	1,213,244	**5,267**	9,955

Trade receivables are stated net of provisions for doubtful debts amounting to £99,277 (2009: £101,122).

15. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2010	2009	**2010**	2009
	£	£	**£**	£
Trade payables	**986,011**	832,722	**–**	–
Amount owed to subsidiary undertakings	**–**	–	**423,307**	416,982
Other taxes and social security	**211,192**	187,428	**–**	–
Other creditors	**66,497**	45,953	**194**	194
Accruals	**219,615**	169,487	**55,807**	49,336
	1,483,315	1,235,590	**479,308**	466,512

TOYE & Co.

Notes to the Financial Statements (continued)

16. BORROWINGS

	The Group		The Company	
	2010	2009	**2010**	2009
	£	£	**£**	£
Current				
Bank overdraft and invoice discounting	**761,760**	441,999	**109,164**	91,158
Bank loans	**122,012**	119,300	**122,012**	119,300
	883,772	561,299	**231,176**	210,458
Non-current				
Bank loans	**983,845**	1,105,857	**983,845**	1,105,857
Total bank borrowings	**1,867,617**	1,667,156	**1,215,021**	1,316,315
Bank borrowings are repayable as follows				
in one year or less or on demand	**883,772**	561,299	**231,176**	210,458
due within 1-2 years	**124,724**	122,012	**124,724**	122,012
due within 2-5 years	**391,634**	382,868	**391,634**	382,868
due after 5 years	**467,487**	600,977	**467,487**	600,977
	1,867,617	1,667,156	**1,215,021**	1,316,315

Bank borrowings and overdraft are secured by legal charges and debentures over the Group's assets. Amounts due under the invoice discounting arrangement are secured by a charge over trade receivables.

Details of borrowings are shown in note 17.

17. FINANCIAL INSTRUMENTS

An explanation of the Group's and Company's objectives and policies for financial instruments within its activities can be found in note 1.3. The following points are relevant:

Financing assets and liabilities
The Group maintains sufficient cash resources. Management review cashflow forecasts on a regular basis to determine whether the Group has sufficient cash reserves to meet future working capital requirements and to take advantage of business opportunities.

Loans and overdrafts totalling £1,867,617 (2009: £1,667,156) and cash and bank balances of £21,056 (2009: £9,810) at 31 December 2010 are subject to floating interest rates based on the UK base rate plus 1.75% and 3.0%, for the loan and overdraft respectively, as set out in facilities agreed with Lloyds TSB Bank plc. The Group has no financial assets or liabilities other than trade receivables, other debtors and trade and trade payables which are non interest bearing. The loan is repayable in equal monthly instalments of £15,625 until completion of the loan repayment in March 2019.

Borrowing facilities
The Group's undrawn committed borrowing facilities at 31 December 2010 related to an overdraft facility, repayable on demand, and an invoice discounting arrangement amounting to £219,620 (2009: £481,067).

The overdraft amounting to £126,158 is subject to review in less than 6 months and has subsequently been renewed for the forthcoming year.

Fair value of financial instruments
There is no significant difference between the carrying value and the fair value of financial instruments.

TOYE & Co.

Notes to the Financial Statements (continued)

17. FINANCIAL INSTRUMENTS (continued)

Currency analysis

Where appropriate the Group matches foreign currency sales and purchases and uses forward contracts.

Carrying amounts of financial instruments

	The Group		The Company	
	2010	2009	**2010**	2009
	£	£	**£**	£
Financial assets				
Loans and receivables				
Cash and deposits	**21,056**	9,810	**–**	–
Trade receivables	**1,563,228**	1,140,169	**–**	–
Other debtors	**4,291**	9,900	**4,291**	9,900
	1,588,575	1,159,879	**4,291**	9,900
Financial liabilities				
Bank borrowings				
– current	**883,772**	561,229	**231,176**	210,458
– non current	**983,845**	1,105,857	**983,845**	1,105,857
Trade and other payables	**1,272,123**	1,048,162	**479,308**	466,512
	3,139,740	2,715,248	**1,694,329**	1,782,827

In the directors' opinion the carrying value of financial instruments approximates to their fair value.

Allowance for credit losses on trade receivables (provision for doubtful debts)

	The Group	
	2010	2009
	£	£
Allowances as at 1 January 2010	**101,122**	79,833
Additions – charged to profit and loss	**64,347**	81,703
Allowances utilised	**(2,603)**	(22,155)
Allowances reversed	**(63,589)**	(38,259)
Allowances as at 31 December 2010	**99,277**	101,122

Credit risk

Trade and other receivables comprise mainly amounts receivable from government bodies, local authorities and other blue chip companies. Management consider that the credit quality of the various debtors is good in respect of the debt outstanding and therefore credit risk is considered low.

The Group allows an average debtors payment of 45 days after invoice date. The Company reserves the right to charge interest on overdue accounts at the rate of 2% (2009: 2%) per month on overdue debts. It is the Group's policy to assess debtors for recoverability on an individual basis and to make provision where it is considered necessary. In assessing recoverability the Group takes into account any indicators of impairment up until the reporting date. The application of this policy generally results in debtors between 45 and 90 days not being provided unless individual circumstances indicate that a debt is impaired. 71% (2009: 54%) of debtors balances between 91 and 120 days, and 67% (2009: 87%) of debtors balances over 120 days are provided. Total financial assets noted above represent the Group's maximum exposure to credit risk.

TOYE & Co.

Notes to the Financial Statements (continued)

17. FINANCIAL INSTRUMENTS (continued)

An analysis of trade receivables

	The Group 2010 £	The Group 2009 £
Neither impaired nor past due date	**955,104**	730,569
Past due date but not impaired		
45 to 90 days	**561,893**	391,347
91 to 120 days	**15,742**	13,362
More than 120 days	**30,488**	4,891
Carrying amount trade receivables	**1,563,227**	1,140,169

Liquidity risk

An analysis of trade payables

	The Group 2010 £	The Group 2009 £
Not later than 30 days	**356,141**	455,606
Later than 30 days and not later than 90 days	**472,477**	338,949
Later than 90 days	**157,393**	38,167
Carrying amount of trade payables	**986,011**	832,722

Interest rate sensitivity

The effect of 1% reduction in interest rates will have a positive effect on profit and equity of £9,337 in respect of borrowings, whilst a 1% increase in interest rates will have a negative effect on profit and equity of £18,675 in respect of borrowings.

Exchange rate sensitivity

Foreign currency risk relates to the risk that the value of financial commitments on recognised assets or liabilities will fluctuate due to changes in foreign currency rates. The Group had no material exposure to foreign currency exchange rates at the year end.

18. DEFERRED TAXATION

	The Group 2010 £	The Group 2009 £	The Company 2010 £	The Company 2009 £
Accelerated capital allowances	**(26,000)**	(44,000)	**–**	(1,000)
Revalued land and buildings	**182,000**	193,000	**182,000**	193,000
Other temporary differences	**(3,500)**	(1,000)	**–**	–
Losses	**(620,000)**	(703,000)	**(277,000)**	(285,000)
	(467,500)	(555,000)	**(95,000)**	(93,000)

Deferred tax assets have not been recognised due to the unpredictability of future profit streams. Current legislation allows these assets to be carried forward indefinitely.

19. SHARE CAPITAL

	2010 £	2009 £
Authorised		
3,000,000 Ordinary shares of 25p each	**750,000**	750,000
Allotted and fully paid		
2,248,000 Ordinary shares of 25p each	**562,000**	562,000

TOYE & Co.

Notes to the Financial Statements (continued)

20. ANALYSIS OF NET DEBT

	At 1 January 2010 £	Cashflow £	Other non cash changes £	**At 31 December 2010 £**
The Group				
Cash at bank and in hand	9,810	11,246	–	**21,056**
Overdraft and invoice discounting facility	(441,999)	(319,761)	–	**(761,760)**
Total cash and cash equivalents	(432,189)	(308,515)	–	**(740,704)**
Debt due within one year	(119,300)	119,300	(122,012)	**(122,012)**
Debt due after one year	(1,105,857)	–	122,012	**(983,845)**
	(1,657,346)	(189,215)	–	**(1,846,561)**
The Company				
Overdraft	(91,158)	(18,006)	–	**(109,164)**
	(91,158)	(18,006)	–	**(109,164)**
Debt due within one year	(119,300)	119,300	(122,012)	**(122,012)**
Debt due after one year	(1,105,857)	–	122,012	**(983,845)**
	(1,316,315)	101,294	–	**(1,215,021)**

21. OBLIGATIONS UNDER OPERATING LEASES

The Group has minimum commitments under non cancellable operating leases at 31 December 2010 payable as follows:

	Total commitment **2010 £**	2009 £
Others		
Less than one year	**14,827**	656
Between two and five years	**26,694**	43,584
	41,521	44,240

22. PENSION BENEFITS

The Company operates a defined contribution pension scheme. The charge to the profit and loss account in the year amounted to £35,067 (2009: £34,762).

TOYE & Co.

Notes to the Financial Statements (continued)

23. RELATED PARTY TRANSACTIONS

Group

Transactions with key management personnel

The key management personnel of the Group comprise members of the Toye & Company Public Limited Company Board of Directors and members of the Toye, Kenning & Spencer Limited Board of Directors and Senior Executives.

The key management personnel compensation is as follows:

	2010	2009
	£	£
Short term employee benefits	**418,702**	425,717
Post-employment employee benefits	**14,145**	11,169
	432,847	436,886

Company

Transactions with key management personnel

The key management personnel of the Company comprise members of the Toye & Company Public Limited Company Board of Directors. Details of their compensation is disclosed in note 6, Directors' emoluments.

During the year the Company charged Toye, Kenning & Spencer Limited £518,606 (2009: £498,333) by way of management charges, rent and internal interest. Funds were also transferred through the inter company account from Toye, Kenning & Spencer Limited to Toye & Company Public Limited Company amounting to £561,041 (2009: £411,789). Amounts due to and from Group undertakings are disclosed in notes 12 and 15.

24. CASH GENERATED (USED BY)/FROM OPERATING ACTIVITIES

	The Group		The Company	
	2010	2009	2010	2009
	£	£	£	£
Operating profit/(loss)	**159,619**	(127,565)	**33,607**	(200,472)
Depreciation – property, plant and equipment	**116,195**	109,973	**39,020**	39,020
(Release)/addition to provision against investments	**–**	–	**(89,266)**	177,502
(Increase)/decrease in inventories	**(126,332)**	266,182	–	–
(Increase)/decrease in trade and other receivables	**(447,398)**	465,780	**4,688**	130,000
Increase/(decrease) in trade and other payables	**225,725**	(121,031)	**12,796**	(90,132)
	(72,191)	593,339	**845**	55,918

TOYE & Co.

Notice to Shareholders

UNAUDITED INFORMATION

SHAREHOLDER INFORMATION

Five Year Review

	UK GAAP 2006 £	IFRS 2007 £	IFRS 2008 £	IFRS 2009 £	**IFRS 2010 £**
Group Turnover	8,761,537	8,662,517	8,604,610	8,231,068	**8,489,519**
Trading profit/(loss) before Taxation	44,924	28,576	(267,440)	(186,478)	**100,146**
Taxation	–	–	–	–	**–**
Dividends	–	–	–	–	**–**
Transfer to/(from) Reserves	44,924	28,576	(267,440)	(186,478)	**100,146**
Tangible Fixed Assets	2,307,435	2,242,847	2,124,595	2,057,461	**1,998,817**
Share Capital	562,000	562,000	562,000	562,000	**562,000**
Reserves	1,423,920	1,452,496	1,185,056	998,578	**1,098,724**
Profit/(loss) before Taxation % of capital employed	2.26%	1.42%	(15.28)%	(11.93)%	**6.02%**
Earnings/(loss) per share – basic and diluted	2.00p	1.27p	(11.90)p	(8.30)p	**4.45p**
Net Assets per share	88.46p	89.73p	77.84p	69.54p	**73.99p**

Discount scheme

We are pleased to announce the continuation of the scheme whereby private individual Shareholders may obtain a special discount of up to 15%.

A discount of 15% for cash and cheque payments, and 10% for credit card payments, off the normal VAT inclusive retail selling price will only apply to the purchase of stock lines off the shelf at the retail shops of Toye, Kenning & Spencer Limited in London, Bedworth and Birmingham. The discount will also apply on orders sent through the post for the same merchandise at those or other offices of Toye, Kenning & Spencer Limited.

A private individual who holds a minimum of 250 Ordinary Shares may apply for the Toye & Company Public Limited Company Shareholder's "Special Purchase Card". The card will be available on request from the date the member's name has been entered on the Register. Upon its presentation at the time of purchase or the quotation of its serial number on orders sent through the post the discount will be allowed as an entitlement. The discount allowed by the card may not be added to or compounded with any other form of discount.

The Special Purchase Card will be cancelled as soon as the member ceases to hold the qualifying number of shares according to the Register.

This scheme applies to private persons and not to joint holders or organisations who are Shareholders.

Results

The Group's half year results for 2011 will be announced to the Stock Exchange and sent to Shareholders in September.

Taxation of capital gains

The market value of Toye & Company Public Limited Company shares at 31 March 1982 was 42p.

TOYE & Co.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the eighty seventh annual general meeting of Toye & Company Public Limited Company will be held at the Company's Offices at Regalia House, 19-21 Great Queen Street, London WC2B 5BE at 12.30 p.m. on 21 June 2011.

The business of the meeting will be:

ORDINARY BUSINESS

Report of the Directors and Financial Statements

1. To receive and, if approved, adopt the Report of the Directors and Financial Statements for the year ended 31 December 2010.

Directors for election

2a. To re-elect Mr B E Toye as a Director of the Company.

2b. To re-elect Mr D Hartley as a Director of the Company.

Auditor's appointment and remuneration

3. To re-appoint PKF (UK) LLP as Auditor to the Company and to authorise the Directors to fix their remuneration.

12 May 2011

By Order of the Board

Registered Office
Regalia House
19-21 Great Queen Street
London WC2B 5BE

N A Haynes B.Sc., F.C.A.
Secretary

Notes:

1. Any member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, to vote instead of him. A proxy need not be a member of the Company. To be effective a completed and signed form of proxy together with any power of attorney or other authority under which it is signed or a notarially certified copy of such power of authority, must reach Capita Registrars Ltd, The Registry PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU not less than 2 working days before the time of the meeting.

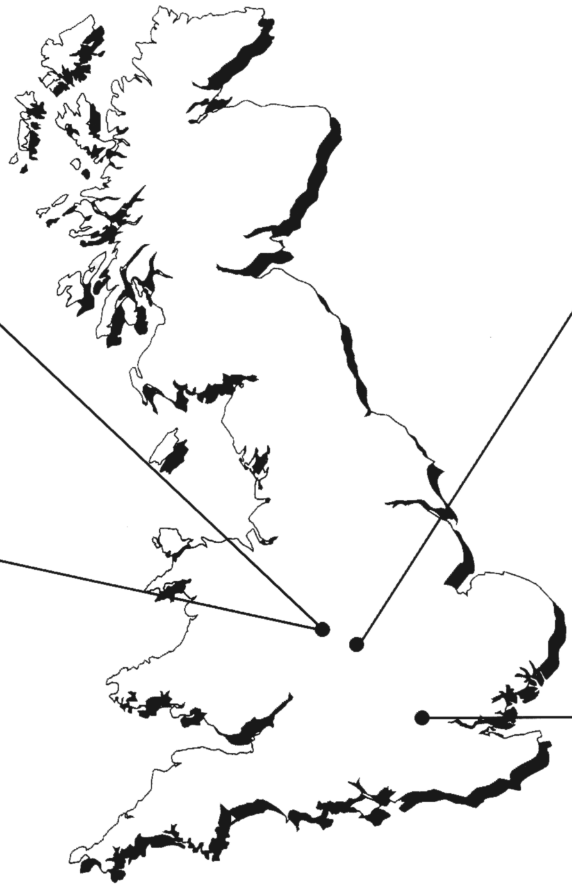
2. The appointment of a proxy does not prevent a member who so wishes from attending the meeting and voting in person.

TOYE & Co.

The Toye Group of Companies

Toye, Kenning & Spencer Ltd
Chas C. Stadden
KJD Jewellers
Jackson & Froggatt
77 Warstone Lane
Birmingham B18 6NL
Tel: 0121 236 3615
Fax: 0121 236 7217
Regalia, medal, cufflinks & jewellery manufacturer & showroom

The London Badge & Button Company
77 Warstone Lane
Birmingham B18 6NL
Tel: 0121 236 4131
Fax: 0121 236 4460
Badge, medal, cufflinks & jewellery manufacturer & showroom



Toye, Kenning & Spencer Ltd
Weston Cap
Benton & Johnson
Cornelia James Neckwear
Newtown Road, Bedworth
Warwickshire CV12 8QR
Tel: 024 7684 8800
Fax: 024 7664 3018
Civil & military regalia,
textile manufacturer & showroom
Headdress manufacturer
Corporate tie manufacturer
Supply chain management and distribution

Toye, Kenning & Spencer Ltd
KJD Jewellers
Cornelia James Neckwear
Chas C. Stadden
Benton & Johnson
E. Dent & Co. (Horologists) Ltd
19, 20 & 21 Great Queen Street
London WC2B 5BE
Tel: 020 7242 0471 & 020 7405 3063
Fax: 020 7831 8692 & 020 7430 9177
Showroom,
Fraternal & Corporate Sales

WEBSITES

www.toye.com
(Catalogue of group products)

www.toyekenningandspencer.com
(Online masonic shopping)

www.lbblondon.com
(Catalogue of men's accessories)

www.staddendirect.com
(Online shopping for pewter models & figurines)

www.bentonandjohnson.com
(Online shopping for embroidery requisites)

www.rotaryregalia.com
(Online shopping for rotary products)

www.kjdjewellers.com
(Catalogue of cufflinks and men's accessories)

www.corneliajamesneckwear.com
(Catalogue of corporate neckwear)

www.tksidentityclothing.co.uk
(Catalogue of identity clothing)

www.tks-uniform-insignia.co.uk
(Catalogue of embossed technology products)

www.tksmedalsandribbons.com
(Online shopping for medals and ribbons)

www.thetoyeshop.com
(Online shopping for group products)

TOYE & Co.

EST. 1685

TOYE & COMPANY PUBLIC LIMITED COMPANY
Registered Office:
Regalia House, 19 - 21 Great Queen Street
London WC2B 5BE, United Kingdom