

A.C. BACON ENGINEERING LTD

DIRECTOR'S REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012



A.C. BACON ENGINEERING LTD

COMPANY INFORMATION

DIRECTORS	D G Bacon Ms J Robinson (ceased 14 May 2012)
COMPANY SECRETARY	Mrs H M Bacon
REGISTERED NUMBER	00711612
REGISTERED OFFICE	3 Hardman Street Manchester Greater Manchester M3 3HF
INDEPENDENT AUDITORS	Larking Gowen Chartered Accountants & Statutory Auditors 1 Tavern Lane Dereham Norfolk NR19 1PX

A.C BACON ENGINEERING LTD

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A.C. BACON ENGINEERING LTD

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

The director presents his report and the financial statements for the year ended 31 December 2012

DIRECTOR'S RESPONSIBILITIES STATEMENT

The director is responsible for preparing the Director's report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the director is required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

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

PRINCIPAL ACTIVITIES

The principal activity of the company continued to be that of construction and steelwork engineering

BUSINESS REVIEW

As a result of the continuing economic downturn the company was obliged to take on contracts at a smaller margin in order to maintain its level of activity. This, combined with its decision to expand its manufacturing base and increase its overall number of staff has resulted in a small operating loss for the year. However, it has also left the company very well placed to take advantage of the anticipated upturn in the economy and the management accounts figures for the current year to date indicate that the company is once again trading profitably

The director uses three main performance indicators to monitor the financial performance of the company. They are gross profit, net profit and cashflow generation from operations. The director is pleased to report that, for all three, the company has achieved and continues to achieve satisfactory results

In common with every other business, the company aims to minimise financial risk. The measures used by the director to manage this risk includes the preparation of profit and cashflow budgets and regular monitoring of actual performance against these budgets. Contracts are closely monitored to keep the risk of bad debts to a minimum

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £11,247 (2011 - profit £80,124)

The director does not recommend the payment of a dividend

A.C. BACON ENGINEERING LTD

**DIRECTOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2012**

DIRECTORS

The directors who served during the year were

D G Bacon
Ms J Robinson (ceased 14 May 2012)

LAND AND BUILDINGS

In the opinion of the director the market value of land and buildings exceeds the current net book value

DISCLOSURE OF INFORMATION TO AUDITORS

The director at the time when this Director's report is approved has confirmed that

- so far as he is aware, there is no relevant audit information of which the company's auditors are unaware, and
- he has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information

AUDITORS

The auditors, Larking Gowen, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

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



D G Bacon
Director

Date

23/9/13

A.C. BACON ENGINEERING LTD

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF A.C. BACON ENGINEERING LTD

We have audited the financial statements of A C Bacon Engineering Ltd for the year ended 31 December 2012, set out on pages 4 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

RESPECTIVE RESPONSIBILITIES OF DIRECTOR AND AUDITORS

As explained more fully in the Director's responsibilities statement, the director is 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 and express an opinion on 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Director's report for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

Christopher Greeves FCA (Senior statutory auditor)
for and on behalf of

Larking Gowen
Chartered Accountants
Statutory Auditors
Dereham

25 September 2013

A C. BACON ENGINEERING LTD

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Note	2012 £	2011 £
TURNOVER	1,2	12,943,063	10,276,842
Cost of sales		(10,763,565)	(8,118,130)
GROSS PROFIT		2,179,498	2,158,712
Administrative expenses		(2,289,422)	(2,155,762)
Other operating income	3	79,492	83,476
OPERATING (LOSS)/PROFIT	4	(30,432)	86,426
Interest receivable and similar income	5	8,514	8,143
Interest payable and similar charges	6	(24,454)	(21,570)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(46,372)	72,999
Tax on (loss)/profit on ordinary activities	7	35,125	7,125
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	21	(11,247)	80,124

All amounts relate to continuing operations

The notes on pages 9 to 21 form part of these financial statements

A.C. BACON ENGINEERING LTD

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2012**

	2012 £	2011 £
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	(11,247)	80,124
Unrealised surplus/(deficit) on revaluation of investment properties	-	(70,001)
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	(11,247)	10,123

The notes on pages 9 to 21 form part of these financial statements

A.C. BACON ENGINEERING LTD
REGISTERED NUMBER: 00711612

BALANCE SHEET
AS AT 31 DECEMBER 2012

	Note	£	2012 £	£	2011 £
FIXED ASSETS					
Tangible assets	10		3,529,196		3,596,762
Investment property	11		463,750		463,750
			3,992,946		4,060,512
CURRENT ASSETS					
Stocks	12	1,204,705		1,426,778	
Debtors	13	1,585,398		1,272,438	
Cash at bank and in hand		266,404		804,157	
			3,056,507	3,503,373	
CREDITORS: amounts falling due within one year	14		(1,481,884)	(1,875,319)	
NET CURRENT ASSETS			1,574,623	1,628,054	
TOTAL ASSETS LESS CURRENT LIABILITIES			5,567,569	5,688,566	
CREDITORS. amounts falling due after more than one year	15		(242,640)	(304,458)	
PROVISIONS FOR LIABILITIES					
Deferred tax	16	(302,818)		(354,413)	
Other provisions	17	(32,380)		(28,717)	
			(335,198)	(383,130)	
NET ASSETS			4,989,731	5,000,978	
CAPITAL AND RESERVES					
Called up share capital	20		2,950	2,950	
Capital redemption reserve	21		2,050	2,050	
Investment property reserve	21		104,989	104,989	
Profit and loss account	21		4,879,742	4,890,989	
SHAREHOLDERS' FUNDS	22		4,989,731	5,000,978	

A C. BACON ENGINEERING LTD

**BALANCE SHEET (continued)
AS AT 31 DECEMBER 2012**

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



D G Bacon
Director

Date 23/9/13

The notes on pages 9 to 21 form part of these financial statements

A C. BACON ENGINEERING LTD

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Note	2012 £	2011 £
Net cash flow from operating activities	24	(177,830)	422,185
Returns on investments and servicing of finance	25	(15,940)	(13,427)
Taxation		(21,114)	(1,977)
Capital expenditure and financial investment	25	(288,031)	(24,095)
CASH (OUTFLOW)/INFLOW BEFORE FINANCING		(502,915)	382,686
Financing	25	(34,838)	(134,275)
(DECREASE)/INCREASE IN CASH IN THE YEAR		(537,753)	248,411

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
FOR THE YEAR ENDED 31 DECEMBER 2012**

	2012 £	2011 £
(Decrease)/Increase in cash in the year	(537,753)	248,411
Cash outflow from decrease in debt and lease financing	34,838	134,275
CHANGE IN NET DEBT RESULTING FROM CASH FLOWS	(502,915)	382,686
New finance lease	-	(56,150)
MOVEMENT IN NET DEBT IN THE YEAR	(502,915)	326,536
Net funds at 1 January 2012	382,866	56,330
NET (DEBT)/FUNDS AT 31 DECEMBER 2012	(120,049)	382,866

The notes on pages 9 to 21 form part of these financial statements

A.C BACON ENGINEERING LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investment properties and in accordance with applicable accounting standards

The company's activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review on page 1. The director believes the company is well placed to ride out the economic downturn. Accordingly the director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus he continues to adopt the going concern basis in preparing the annual financial statements.

1.2 Turnover

Turnover represents work done for outside customers at invoiced amounts less VAT. Where amounts are invoiced in advance of work being performed, an amount relating to future performance is deferred and is included in creditors as excess payments in advance.

1.3 Tangible fixed assets and depreciation

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

Freehold property	-	2% straight line on buildings, land not depreciated
S/Term Leasehold Property	-	straight line over period of lease
Plant & machinery	-	8 5% straight line and 15% reducing balance
Motor vehicles	-	10%, 20% and 25% reducing balance

Investment properties are included in the balance sheet at their open market value. Depreciation is provided only on those investment properties which are leasehold and where the unexpired lease term is less than 20 years.

Although this accounting policy is in accordance with the applicable accounting standard, SSAP 19, Accounting for investment properties, it is a departure from the general requirement of the Companies Act 2006 for all tangible assets to be depreciated. In the opinion of the director compliance with the standard is necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount of this which might otherwise have been charged cannot be separately identified or quantified.

A.C. BACON ENGINEERING LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

1. ACCOUNTING POLICIES (continued)

1.4 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

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

1.5 Operating leases

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

1.6 Stocks

Stock and work in progress are valued at the lower of cost and net realisable value.

Work in progress is stated at prime cost plus contracting overheads. No account is taken of profits until the contract is finally completed.

Progress payments received attributable to the value of contracts are deducted in presenting the value of work in progress in the financial statements.

1.7 Long-term contracts

Profit on long-term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the year end, by recording turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for that contract. Revenues derived from variations on contracts are recognised only when they have been accepted by the customer. Full provision is made for losses on all contracts in the year in which they are first foreseen.

1.8 Pensions

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

A.C. BACON ENGINEERING LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

1. ACCOUNTING POLICIES (continued)

1.9 Deferred taxation

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

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

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

Deferred tax assets and liabilities are not discounted

2. TURNOVER

The turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom

3. OTHER OPERATING INCOME

	2012 £	2011 £
Net rents receivable	<u>79,492</u>	<u>83,476</u>

4. OPERATING (LOSS)/PROFIT

The operating (loss)/profit is stated after charging

	2012 £	2011 £
Depreciation of tangible fixed assets		
- owned by the company	333,344	332,409
- held under finance leases and hire purchase	18,817	8,232
Auditors' remuneration	9,950	9,950
Operating lease rentals		
- plant and machinery	405,678	363,950
- other operating leases	92,600	92,600

A.C. BACON ENGINEERING LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

5. INTEREST RECEIVABLE

	2012 £	2011 £
Other interest receivable	8,514	8,143

6. INTEREST PAYABLE

	2012 £	2011 £
On bank loans and overdrafts	9,781	5,224
On finance leases and hire purchase contracts	14,673	16,346
	<u>24,454</u>	<u>21,570</u>

7. TAXATION

	2012 £	2011 £
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on (loss)/profit for the year	16,470	21,114
Adjustments in respect of prior periods	-	(1,033)
Total current tax	<u>16,470</u>	<u>20,081</u>
Deferred tax (see note 16)		
Origination and reversal of timing differences	(51,595)	(27,206)
Tax on (loss)/profit on ordinary activities	<u>(35,125)</u>	<u>(7,125)</u>

A.C. BACON ENGINEERING LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

7. TAXATION (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2011 - higher than) the standard rate of corporation tax in the UK of 20% (2011 - 20%) The differences are explained below

	2012 £	2011 £
(Loss)/profit on ordinary activities before tax	<u>(46,372)</u>	<u>72,999</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2011 - 20%)	(9,274)	14,600
Effects of.		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	101	291
Capital allowances for year in excess of depreciation	21,748	8,739
Adjustments to tax charge in respect of prior periods	-	(1,033)
Short term timing difference leading to an increase (decrease) in taxation	3,893	(2,773)
Other differences leading to an increase (decrease) in the tax charge	2	257
Current tax charge for the year (see note above)	<u><u>16,470</u></u>	<u><u>20,081</u></u>

8. DIRECTOR'S REMUNERATION

	2012 £	2011 £
Remuneration	<u><u>139,012</u></u>	<u><u>96,520</u></u>
Compensation for loss of office	<u><u>10,000</u></u>	<u><u>-</u></u>

A C. BACON ENGINEERING LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

9. STAFF COSTS

Staff costs, including director's remuneration, were as follows

	2012 £	2011 £
Wages and salaries	2,369,321	2,170,548
Other pension costs	54,565	59,413
	<u>2,423,886</u>	<u>2,229,961</u>

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

	2012 No.	2011 No
Direct labour	52	45
Office and management	29	31
	<u>81</u>	<u>76</u>

A.C. BACON ENGINEERING LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

10. TANGIBLE FIXED ASSETS

	Freehold property £	S/Term Leasehold Property £	Plant & machinery £	Motor vehicles £
Cost				
At 1 January 2012	1,700,220	86,420	3,080,258	2,459,715
Additions	-	-	200,545	109,951
Disposals	-	-	(247,720)	(75,686)
At 31 December 2012	<u>1,700,220</u>	<u>86,420</u>	<u>3,033,083</u>	<u>2,493,980</u>
Depreciation				
At 1 January 2012	323,078	4,393	1,778,111	1,624,269
Charge for the year	26,424	1,716	155,987	168,034
On disposals	-	-	(229,954)	(67,551)
At 31 December 2012	<u>349,502</u>	<u>6,109</u>	<u>1,704,144</u>	<u>1,724,752</u>
Net book value				
At 31 December 2012	<u>1,350,718</u>	<u>80,311</u>	<u>1,328,939</u>	<u>769,228</u>
At 31 December 2011	<u>1,377,142</u>	<u>82,027</u>	<u>1,302,147</u>	<u>835,446</u>

	Total £
Cost	
At 1 January 2012	7,326,613
Additions	310,496
Disposals	(323,406)
At 31 December 2012	<u>7,313,703</u>
Depreciation	
At 1 January 2012	3,729,851
Charge for the year	352,161
On disposals	(297,505)
At 31 December 2012	<u>3,784,507</u>
Net book value	
At 31 December 2012	<u>3,529,196</u>
At 31 December 2011	<u>3,596,762</u>

A.C. BACON ENGINEERING LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

10. TANGIBLE FIXED ASSETS (continued)

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

	2012	2011
	£	£
Plant and machinery	127,414	56,150

Included in land and buildings is freehold land at cost of £379,360 (2011 - £379,360), which is not depreciated

11. INVESTMENT PROPERTY

	Freehold investment property £
Valuation	
At 1 January 2012 and 31 December 2012	463,750
The 2012 valuations were made by the director, on an open market value for existing use basis	
Revaluation reserves	
At 1 January 2012 and 31 December 2012	104,989

Should the investment properties be sold at their market value a tax liability of approximately £10,500 (2011 - £10,500) would arise. No provision for this contingent liability has been made as no agreement had been entered into at the balance sheet date to dispose of these properties

12. STOCKS

	2012	2011
	£	£
Raw materials	210,906	230,639
Work in progress	993,799	1,196,139
	1,204,705	1,426,778

A.C. BACON ENGINEERING LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

13. DEBTORS

	2012 £	2011 £
Due after more than one year		
Trade debtors	180,005	104,681
Due within one year		
Trade debtors	1,274,500	1,038,556
Other debtors	266	140
Prepayments and accrued income	130,627	129,061
	1,585,398	1,272,438

14. CREDITORS:

Amounts falling due within one year

	2012 £	2011 £
Bank loans and overdrafts	100,000	100,000
Payments received on account	62,754	101,541
Net obligations under finance leases and hire purchase contracts	43,813	16,833
Trade creditors	695,869	1,039,545
Corporation tax	16,470	21,114
Other taxation and social security	369,397	428,328
Other creditors	130,207	133,300
Accruals and deferred income	63,374	34,658
	1,481,884	1,875,319

Net obligations under finance leases and hire purchase contracts are secured by fixed charges on the assets concerned

The bank loan is secured on specific assets

15 CREDITORS:

Amounts falling due after more than one year

	2012 £	2011 £
Bank loans	175,000	275,000
Net obligations under finance leases and hire purchase contracts	67,640	29,458
	242,640	304,458

A.C. BACON ENGINEERING LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

**15. CREDITORS:
Amounts falling due after more than one year (continued)**

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

	2012 £	2011 £
Between one and five years	<u>67,640</u>	<u>29,458</u>

Net obligations under finance leases and hire purchase contracts are secured by fixed charges on the assets concerned

The bank loan is secured on specific assets, is wholly repayable within 5 years by instalments and bears interest at 3% above bank base rate

16. DEFERRED TAXATION

	2012 £	2011 £
At beginning of year	354,413	381,619
Released during year (P&L)	(45,652)	(29,485)
Other movement (P&L)	(5,943)	2,279
At end of year	<u>302,818</u>	<u>354,413</u>

The provision for deferred taxation is made up as follows

	2012 £	2011 £
Accelerated capital allowances	290,450	336,102
Other timing differences	12,368	18,311
	<u>302,818</u>	<u>354,413</u>

17. PROVISIONS

	Warranty Provision £
At 1 January 2012	28,717
Additions	3,663
At 31 December 2012	<u>32,380</u>

Warranty Provision

A provision has been made for the estimated warranty repair costs

A.C. BACON ENGINEERING LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

18. PENSION COMMITMENTS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £54,565 (2011 - £59,413). At 31 December 2012 the amount payable was £3,808 (2011 - £3,545).

19. OPERATING LEASE COMMITMENTS

At 31 December 2012 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		2012	Other
	2012	2011		
	£	£	£	£
Expiry date:				
After more than 5 years	92,600	92,600	-	-

20. SHARE CAPITAL

	2012	2011
	£	£
Allotted, called up and fully paid		
2,950 Ordinary shares of £1 each	2,950	2,950

21. RESERVES

	Capital redempt'n reserve	Investment property revaluation reserve	Profit and loss account
	£	£	£
At 1 January 2012	2,050	104,989	4,890,989
Loss for the financial year			(11,247)
At 31 December 2012	2,050	104,989	4,879,742

A C. BACON ENGINEERING LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

22. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2012 £	2011 £
Opening shareholders' funds	5,000,978	4,990,855
(Loss)/profit for the financial year	(11,247)	80,124
Other recognised gains and losses during the year	-	(70,001)
	<u>4,989,731</u>	<u>5,000,978</u>
Closing shareholders' funds	<u><u>4,989,731</u></u>	<u><u>5,000,978</u></u>

23. RELATED PARTY TRANSACTIONS

The company leases premises from NOCAB SORB Executive Pension Scheme, a small self administered scheme of which Mr D G Bacon is a member and trustee Rent paid in the year was £92,600 (2011 - £80,133) At the year end £9,260 (2011 - £12,820) was owed by the company

The pension fund made payments totalling £5,400 (2011 - £5,400) to the company for ground rent At the year end £Nil (2011 - £Nil) was owed to the company

During the year the company made sales of £1,924 (2011 - £3,980) to Mr D G Bacon At the year end the company was owed £28 (2011 - £1,691)

At the year end the company owed £100,000 (2011 - £97,000) to Mr D G Bacon The loan was interest free and repayable on demand

24. NET CASH FLOW FROM OPERATING ACTIVITIES

	2012 £	2011 £
Operating (loss)/profit	(30,432)	86,426
Depreciation of tangible fixed assets	352,161	340,641
Loss on disposal of tangible fixed assets	3,436	3,598
Decrease/(increase) in stocks	222,073	(260,614)
Increase in debtors	(312,960)	(87,739)
(Decrease)/increase in creditors	(415,771)	311,156
Increase in provisions	3,663	28,717
	<u>(177,830)</u>	<u>422,185</u>
Net cash (outflow)/inflow from operating activities	<u><u>(177,830)</u></u>	<u><u>422,185</u></u>

A.C. BACON ENGINEERING LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

25 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2012 £	2011 £
Returns on investments and servicing of finance		
Interest received	8,514	8,143
Interest paid	(9,781)	(5,224)
Hire purchase interest	(14,673)	(16,346)
	(15,940)	(13,427)
	(15,940)	(13,427)
	2012 £	2011 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(310,496)	(27,995)
Sale of tangible fixed assets	22,465	3,900
	(288,031)	(24,095)
	(288,031)	(24,095)
	2012 £	2011 £
Financing		
Repayment of loans	(100,000)	(100,000)
New/(repayment of) finance leases	65,162	(34,275)
	(34,838)	(134,275)
	(34,838)	(134,275)

26. ANALYSIS OF CHANGES IN NET FUNDS

	1 January 2012 £	Cash flow £	Other non-cash changes £	31 December 2012 £
Cash at bank and in hand	804,157	(537,753)	-	266,404
Debt:				
Finance leases	(46,291)	(65,162)	-	(111,453)
Debts due within one year	(100,000)	100,000	(100,000)	(100,000)
Debts falling due after more than one year	(275,000)	-	100,000	(175,000)
	382,866	(502,915)	-	(120,049)
Net funds	382,866	(502,915)	-	(120,049)