

A.C. BACON ENGINEERING LTD

DIRECTOR'S REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

SATURDAY



A3HBOECY

A42

27/09/2014

#311

COMPANIES HOUSE

A.C. BACON ENGINEERING LTD

COMPANY INFORMATION

DIRECTOR	D G Bacon
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

CONTENTS

	Page
Director's report	1 - 2
Strategic report	3
Independent auditors' report	4
Profit and loss account	5
Statement of total recognised gains and losses	6
Balance sheet	7 - 8
Cash flow statement	9
Notes to the financial statements	10 - 22

A.C. BACON ENGINEERING LTD

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

The director presents his report and the financial statements for the year ended 31 December 2013.

DIRECTOR'S RESPONSIBILITIES STATEMENT

The director is responsible for preparing the Strategic report, 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.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £214,351 (2012 - loss £11,247).

The director does not recommend the payment of a dividend.

DIRECTOR

The director who served during the year was:

D G Bacon

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.

A.C. BACON ENGINEERING LTD

**DIRECTOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2013**

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: 25/9/2014

A.C. BACON ENGINEERING LTD

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2013**

BUSINESS REVIEW

Following recent expansion of the company's manufacturing base and an increase in staff numbers, the company is well placed to take advantage of the upturn in the economy and the results for 2013 reflect this.

PRINCIPAL RISKS AND UNCERTAINTIES

In common with every other business, the company aims to minimise financial risk. The measures taken 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.

FINANCIAL KEY PERFORMANCE INDICATORS

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.

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



**D G Bacon
Director**

Date: 25/9/2014

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 2013, set out on pages 5 to 22. 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 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Strategic report and 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 2014

A.C. BACON ENGINEERING LTD

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2013**

	Note	2013 £	2012 £
TURNOVER	1,2	12,582,341	12,943,063
Cost of sales		<u>(10,069,210)</u>	<u>(10,763,565)</u>
GROSS PROFIT		2,513,131	2,179,498
Administrative expenses		<u>(2,244,231)</u>	<u>(2,289,422)</u>
Other operating income	3	<u>20,466</u>	<u>79,492</u>
OPERATING PROFIT/(LOSS)	4	289,366	(30,432)
Interest receivable and similar income	5	5,910	8,514
Interest payable and similar charges	6	<u>(17,843)</u>	<u>(24,454)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		277,433	(46,372)
Tax on profit/(loss) on ordinary activities	7	<u>(63,082)</u>	<u>35,125</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	21	<u><u>214,351</u></u>	<u><u>(11,247)</u></u>

All amounts relate to continuing operations.

The notes on pages 10 to 22 form part of these financial statements.

A.C. BACON ENGINEERING LTD

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2013**

	2013 £	2012 £
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	214,351	(11,247)
Unrealised surplus on revaluation of investment properties	<u>50,194</u>	<u>-</u>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	<u>264,545</u>	<u>(11,247)</u>

The notes on pages 10 to 22 form part of these financial statements.

A.C. BACON ENGINEERING LTD
REGISTERED NUMBER: 00711612

BALANCE SHEET
AS AT 31 DECEMBER 2013

	Note	£	2013 £	£	2012 £
FIXED ASSETS					
Tangible assets	10		3,307,161		3,529,196
Investment property	11		513,944		463,750
			<u>3,821,105</u>		<u>3,992,946</u>
CURRENT ASSETS					
Stocks	12	1,528,740		1,204,705	
Debtors	13	1,540,980		1,585,398	
Cash at bank and in hand		821,971		266,404	
			<u>3,891,691</u>		<u>3,056,507</u>
CREDITORS: amounts falling due within one year	14	(2,023,837)		(1,481,884)	
			<u>1,867,854</u>		<u>1,574,623</u>
NET CURRENT ASSETS			1,867,854		1,574,623
TOTAL ASSETS LESS CURRENT LIABILITIES			5,688,959		5,567,569
CREDITORS: amounts falling due after more than one year	15		(103,035)		(242,640)
PROVISIONS FOR LIABILITIES					
Deferred tax	16	(292,176)		(302,818)	
Other provisions	17	(39,472)		(32,380)	
			<u>(331,648)</u>		<u>(335,198)</u>
NET ASSETS			5,254,276		4,989,731
CAPITAL AND RESERVES					
Called up share capital	20		2,950		2,950
Capital redemption reserve	21		2,050		2,050
Investment property reserve	21		155,183		104,989
Profit and loss account	21		5,094,093		4,879,742
			<u>5,254,276</u>		<u>4,989,731</u>
SHAREHOLDERS' FUNDS			5,254,276		4,989,731

A.C. BACON ENGINEERING LTD

**BALANCE SHEET (continued)
AS AT 31 DECEMBER 2013**

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



D G Bacon
Director

Date: 25/9/2014

The notes on pages 10 to 22 form part of these financial statements.

A.C. BACON ENGINEERING LTD

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2013**

	Note	2013 £	2012 £
Net cash flow from operating activities	24	851,053	(177,829)
Returns on investments and servicing of finance	25	(11,933)	(15,940)
Taxation		(16,469)	(21,114)
Capital expenditure and financial investment	25	(123,271)	(288,031)
CASH INFLOW/(OUTFLOW) BEFORE FINANCING		699,380	(502,914)
Financing	25	(143,813)	(34,838)
INCREASE/(DECREASE) IN CASH IN THE YEAR		555,567	(537,752)

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
FOR THE YEAR ENDED 31 DECEMBER 2013**

	2013 £	2012 £
Increase/(Decrease) in cash in the year	555,567	(537,752)
Cash outflow from decrease in debt and lease financing	143,813	34,838
CHANGE IN NET DEBT RESULTING FROM CASH FLOWS	699,380	(502,914)
Other non-cash changes	-	(1)
MOVEMENT IN NET DEBT IN THE YEAR	699,380	(502,915)
Net (debt)/funds at 1 January 2013	(120,049)	382,866
NET FUNDS/(DEBT) AT 31 DECEMBER 2013	579,331	(120,049)

The notes on pages 10 to 22 form part of these financial statements.

A.C. BACON ENGINEERING LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

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 Strategic Review. The director believes the company is well placed to take advantage of the economic upturn. Accordingly he has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Therefore, the director 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

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 2013**

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

	2013 £	2012 £
Net rents receivable	<u>20,466</u>	<u>79,492</u>

4. OPERATING PROFIT/(LOSS)

The operating profit/(loss) is stated after charging:

	2013 £	2012 £
Depreciation of tangible fixed assets:		
- owned by the company	326,991	333,344
- held under finance leases and hire purchase	23,280	18,817
Auditors' remuneration	9,950	9,950
Operating lease rentals:		
- plant and machinery	329,468	405,678
- other operating leases	<u>92,600</u>	<u>92,600</u>

A.C. BACON ENGINEERING LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

5. INTEREST RECEIVABLE

	2013 £	2012 £
Other interest receivable	5,910	8,514

6. INTEREST PAYABLE

	2013 £	2012 £
On bank loans and overdrafts	6,307	9,781
On finance leases and hire purchase contracts	11,536	14,673
	<u>17,843</u>	<u>24,454</u>

7. TAXATION

	2013 £	2012 £
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit/loss for the year	73,724	16,470
Deferred tax (see note 16)		
Origination and reversal of timing differences	(10,642)	(51,595)
Tax on profit/loss on ordinary activities	<u>63,082</u>	<u>(35,125)</u>

A.C. BACON ENGINEERING LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

7. TAXATION (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2012 - *higher than*) the standard rate of corporation tax in the UK of 23% (2012 - 20%). The differences are explained below:

	2013 £	2012 £
Profit/loss on ordinary activities before tax	<u>277,433</u>	<u>(46,372)</u>
Profit/loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 23% (2012 - 20%)	63,810	(9,274)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,214	101
Capital allowances for year in excess of depreciation	9,191	21,748
Short term timing difference leading to an increase (decrease) in taxation	1,451	3,893
Other differences leading to an increase (decrease) in the tax charge	7,335	2
Marginal relief	(9,277)	-
Current tax charge for the year (see note above)	<u>73,724</u>	<u>16,470</u>

8. DIRECTOR'S REMUNERATION

	2013 £	2012 £
Remuneration	<u>96,358</u>	<u>139,012</u>
Compensation for loss of office	<u>-</u>	<u>10,000</u>

A.C. BACON ENGINEERING LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

9. STAFF COSTS

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

	2013	2012
	£	£
Wages and salaries	2,479,716	2,369,321
Other pension costs	55,353	54,565
	<hr/> 2,535,069 <hr/>	<hr/> 2,423,886 <hr/>

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

	2013	2012
	No.	No.
Direct labour	54	52
Office and management	29	29
	<hr/> 83 <hr/>	<hr/> 81 <hr/>

A.C. BACON ENGINEERING LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

10. TANGIBLE FIXED ASSETS

	Freehold property £	S/Term Leasehold Property £	Plant & machinery £	Motor vehicles £
Cost				
At 1 January 2013	1,700,220	86,420	3,033,083	2,493,980
Additions	6,131	-	49,786	77,173
Disposals	-	-	(4,420)	(50,333)
At 31 December 2013	<u>1,706,351</u>	<u>86,420</u>	<u>3,078,449</u>	<u>2,520,820</u>
Depreciation				
At 1 January 2013	349,502	6,109	1,704,144	1,724,752
Charge for the year	26,424	1,716	145,243	176,888
On disposals	-	-	(3,455)	(46,444)
At 31 December 2013	<u>375,926</u>	<u>7,825</u>	<u>1,845,932</u>	<u>1,855,196</u>
Net book value				
At 31 December 2013	<u>1,330,425</u>	<u>78,595</u>	<u>1,232,517</u>	<u>665,624</u>
At 31 December 2012	<u>1,350,718</u>	<u>80,311</u>	<u>1,328,939</u>	<u>769,228</u>
				Total £
Cost				
At 1 January 2013				7,313,703
Additions				133,090
Disposals				(54,753)
At 31 December 2013				<u>7,392,040</u>
Depreciation				
At 1 January 2013				3,784,507
Charge for the year				350,271
On disposals				(49,899)
At 31 December 2013				<u>4,084,879</u>
Net book value				
At 31 December 2013				<u>3,307,161</u>
At 31 December 2012				<u>3,529,196</u>

A.C. BACON ENGINEERING LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

10. TANGIBLE FIXED ASSETS (continued)

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

	2013 £	2012 £
Plant and machinery	<u>92,017</u>	<u>127,414</u>

Included in land and buildings is freehold land at cost of £379,360 (2012 - £379,360), which is not depreciated.

11. INVESTMENT PROPERTY

	Freehold investment property £
Valuation	
At 1 January 2013	463,750
Surplus/(deficit) on revaluation	50,194
At 31 December 2013	<u>513,944</u>

The 2013 valuations were made by the director, on an open market value for existing use basis.

Revaluation reserves

At 1 January 2013	104,989
Net surplus in investment properties	50,194
At 31 December 2013	<u>155,183</u>

Should the investment properties be sold at their market value a tax liability of approximately £16,500 (2012 - £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

	2013 £	2012 £
Raw materials	178,144	210,906
Work in progress	2,343,629	1,984,343
Payments on account	(993,033)	(990,544)
	<u>1,528,740</u>	<u>1,204,705</u>

A.C. BACON ENGINEERING LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

13. DEBTORS

	2013 £	2012 £
Due after more than one year		
Trade debtors	159,134	180,005
Due within one year		
Trade debtors	1,250,210	1,274,500
Other debtors	13,556	266
Prepayments and accrued income	118,080	130,627
	1,540,980	1,585,398

**14. CREDITORS:
Amounts falling due within one year**

	2013 £	2012 £
Bank loans and overdrafts	100,000	100,000
Payments received on account	83,933	62,754
Net obligations under finance leases and hire purchase contracts	39,605	43,813
Trade creditors	1,090,820	695,869
Corporation tax	73,724	16,470
Other taxation and social security	440,508	369,397
Other creditors	130,684	130,207
Accruals and deferred income	64,563	63,374
	2,023,837	1,481,884

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**

	2013 £	2012 £
Bank loans	75,000	175,000
Net obligations under finance leases and hire purchase contracts	28,035	67,640
	103,035	242,640

A.C. BACON ENGINEERING LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

**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:

	2013 £	2012 £
Between one and five years	<u>28,035</u>	<u>67,640</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

	2013 £	2012 £
At beginning of year	302,818	354,413
Released during year (P&L)	(10,642)	(45,652)
Other movement (P&L)	-	(5,943)
At end of year	<u>292,176</u>	<u>302,818</u>

The provision for deferred taxation is made up as follows:

	2013 £	2012 £
Accelerated capital allowances	281,259	290,450
Other timing differences	10,917	12,368
	<u>292,176</u>	<u>302,818</u>

17. PROVISIONS

	Warranty Provision £
At 1 January 2013	32,380
Additions	7,092
At 31 December 2013	<u>39,472</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 2013**

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 £55,353 (2012 - £54,565). At 31 December 2013 the amount payable was £3,871 (2012 - £3,808).

19. OPERATING LEASE COMMITMENTS

At 31 December 2013 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		2013 £	Other 2012 £
	2013 £	2012 £		
Expiry date:				
After more than 5 years	<u>92,600</u>	<u>92,600</u>	-	-

20. SHARE CAPITAL

	2013 £	2012 £
Allotted, called up and fully paid		
2,950 Ordinary shares of £1 each	<u>2,950</u>	<u>2,950</u>

21. RESERVES

	Capital redempt'n reserve £	Investment property revaluation reserve £	Profit and loss account £
At 1 January 2013	2,050	104,989	4,879,742
Profit for the financial year			214,351
Movement on investment property		50,194	
At 31 December 2013	<u>2,050</u>	<u>155,183</u>	<u>5,094,093</u>

A.C. BACON ENGINEERING LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

22. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2013 £	2012 £
Opening shareholders' funds	4,989,731	5,000,978
Profit/(loss) for the financial year	214,351	(11,247)
Other recognised gains and losses during the year	50,194	-
	<hr/>	<hr/>
Closing shareholders' funds	<u>5,254,276</u>	<u>4,989,731</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 (2012 - £92,600). At the year end £9,260 (2012 - £9,260) was owed by the company.

The pension fund made payments totalling £5,400 (2012 - £5,400) to the company for ground rent. At the year end £Nil (2012 - £Nil) was owed to the company.

At the year end the company owed £100,000 (2012 - £100,000) to Mr D.G. Bacon. The loan was interest free and repayable on demand.

24. NET CASH FLOW FROM OPERATING ACTIVITIES

	2013 £	2012 £
Operating profit/(loss)	289,366	(30,432)
Depreciation of tangible fixed assets	350,271	352,161
(Profit)/loss on disposal of tangible fixed assets	(4,965)	3,436
(Increase)/decrease in stocks	(324,035)	222,073
Decrease/(increase) in debtors	44,418	(312,960)
Increase/(decrease) in creditors	488,906	(415,770)
Increase in provisions	7,092	3,663
	<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities	<u>851,053</u>	<u>(177,829)</u>

A.C. BACON ENGINEERING LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

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

	2013 £	2012 £
Returns on investments and servicing of finance		
Interest received	5,910	8,514
Interest paid	(6,307)	(9,781)
Hire purchase interest	(11,536)	(14,673)
Net cash outflow from returns on investments and servicing of finance	(11,933)	(15,940)
	2013 £	2012 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(133,090)	(310,496)
Sale of tangible fixed assets	9,819	22,465
Net cash outflow from capital expenditure	(123,271)	(288,031)
	2013 £	2012 £
Financing		
Repayment of loans	(100,000)	(100,000)
(Repayment of)/new finance leases	(43,813)	65,162
Net cash outflow from financing	(143,813)	(34,838)

26. ANALYSIS OF CHANGES IN NET DEBT

	1 January 2013 £	Cash flow £	Other non-cash changes £	31 December 2013 £
Cash at bank and in hand	266,404	555,567	-	821,971
Debt:				
Finance leases	(111,453)	43,813	-	(67,640)
Debts due within one year	(100,000)	100,000	(100,000)	(100,000)
Debts falling due after more than one year	(175,000)	-	100,000	(75,000)
Net debt	(120,049)	699,380	-	579,331