

Company Registration No 00711612 (England and Wales)

**A.C. BACON ENGINEERING LTD**  
**ABBREVIATED ACCOUNTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**



# A.C. BACON ENGINEERING LTD

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# A.C. BACON ENGINEERING LTD

## DIRECTOR'S REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2007

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The director presents his report and financial statements for the year ended 31 December 2007

#### Principal activities and review of the business

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

The director is pleased to report that the company has had a successful trading year with profits similar to the previous year

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

The company has a good number of orders going forward and the director is confident that a satisfactory result will be achieved in the current trading year

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

#### Results and dividends

The results for the year are set out on page 4

The director does not recommend the payment of a dividend

#### Market value of land and buildings

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

#### Directors

The following directors have held office since 1 January 2007

D G Bacon

N M Howling

(Resigned 4 January 2008)

Charitable donations	2007 £	2006 £
During the year the company made the following payments		
Charitable donations	1,369	1,050

# **A.C. BACON ENGINEERING LTD**

## **DIRECTOR'S REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2007**

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### **Auditors**

Larking Gowen were appointed auditors to the company and in accordance with section 487(2) of the Companies Act 2006, a resolution proposing that they be re-appointed will be subject to a written resolution

### **Director's responsibilities**

The director is responsible for preparing 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). The financial statements are required by law to 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 those financial statements, the director is required to

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

The director is responsible for keeping proper accounting records that 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 1985. 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

### **Statement of disclosure to auditors**

So far as the director is aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the director has taken all the necessary steps that he ought to have taken as director in order to make himself aware of all relevant audit information and to establish that the company's auditors are aware of that information

On behalf of the board



D G Bacon

Director

27-10-2008



CHARTERED  
ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT TO A.C. BACON ENGINEERING LTD  
UNDER SECTION 247B OF THE COMPANIES ACT 1985**

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We have examined the abbreviated accounts set out on pages 4 to 16, together with the financial statements of A C Bacon Engineering Ltd for the year ended 31 December 2007 prepared under section 226 of the Companies Act 1985

This report is made solely to the company in accordance with Section 247B of the Companies Act 1985. Our work has been undertaken so that we might state to the company those matters we are required to state to them in an auditor's report on abbreviated accounts and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the opinions we have formed.

**Respective responsibilities of the director and auditors**

The director is responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with that provision and to report our opinion to you.

**Basis of opinion**

We conducted our work in accordance with Bulletin 2006/3 "The special auditor's report on abbreviated accounts in the United Kingdom" issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

**Opinion**

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Companies Act 1985, and the abbreviated accounts have been properly prepared in accordance with that provision.

A handwritten signature in black ink, appearing to read 'Larking Gowen', written in a cursive style.

Larking Gowen

Chartered Accountants  
Registered Auditors  
Dereham

29 October 2008

# A.C. BACON ENGINEERING LTD

## ABBREVIATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2007

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	Notes	2007 £	2006 £
<b>Gross profit</b>		3,866,438	3,134,864
Administrative expenses		(3,202,074)	(2,409,338)
<b>Operating profit</b>	<b>2</b>	664,364	725,526
Other interest receivable and similar income	<b>3</b>	63,826	15,138
Interest payable and similar charges	<b>4</b>	(21,395)	(19,773)
<b>Profit on ordinary activities before taxation</b>		706,795	720,891
Tax on profit on ordinary activities	<b>5</b>	(150,800)	(185,378)
<b>Profit for the year</b>	<b>14</b>	555,995	535,513

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

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

# A.C. BACON ENGINEERING LTD

## ABBREVIATED BALANCE SHEET

AS AT 31 DECEMBER 2007

	Notes	2007		2006	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	6		3,203,062		3,455,097
<b>Current assets</b>					
Stocks	7	1,665,859		1,098,046	
Debtors	8	1,485,761		1,253,342	
Cash at bank and in hand		1,311,892		870,064	
		<u>4,463,512</u>		<u>3,221,452</u>	
<b>Creditors: amounts falling due within one year</b>	9	<u>(2,370,060)</u>		<u>(1,750,258)</u>	
<b>Net current assets</b>			<u>2,093,452</u>		<u>1,471,194</u>
<b>Total assets less current liabilities</b>			<u>5,296,514</u>		<u>4,926,291</u>
<b>Creditors amounts falling due after more than one year</b>	10		(74,133)		(247,822)
<b>Provisions for liabilities</b>	11		<u>(309,861)</u>		<u>(321,944)</u>
			<u>4,912,520</u>		<u>4,356,525</u>
<b>Capital and reserves</b>					
Called up share capital	13		3,800		3,800
Other reserves	14		1,200		1,200
Profit and loss account	14		4,907,520		4,351,525
<b>Shareholders' funds</b>	15		<u>4,912,520</u>		<u>4,356,525</u>

These abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies

Approved by the Board and authorised for issue on 27-10-2008



D G Bacon  
Director

# A.C. BACON ENGINEERING LTD

## CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2007

	Notes	£	2007 £	£	2006 £
<b>Net cash inflow from operating activities</b>	19		749,754		934,128
<b>Returns on investments and servicing of finance</b>					
Interest received		63,826		15,138	
Interest paid		(3,264)		(4,028)	
Interest element of finance lease rentals		(18,131)		(15,745)	
<b>Net cash inflow/(outflow) for returns on investments and servicing of finance</b>			42,431		(4,635)
<b>Taxation</b>			(112,095)		(207,060)
<b>Capital expenditure</b>					
Payments to acquire tangible assets		(92,317)		(419,083)	
Receipts from sales of tangible assets		19,989		266,628	
<b>Net cash outflow for capital expenditure</b>			(72,328)		(152,455)
<b>Net cash inflow before management of liquid resources and financing</b>			607,762		569,978
<b>Financing</b>					
Capital element of hire purchase contracts		(165,934)		(115,432)	
<b>Net cash outflow from financing</b>			(165,934)		(115,432)
<b>Increase in cash in the year</b>	20, 21		441,828		454,546



# A.C. BACON ENGINEERING LTD

## NOTES TO THE ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2007

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### 1 Accounting policies

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention

#### 1.2 Compliance with accounting standards

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

#### 1.3 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.

#### 1.4 Tangible fixed assets and depreciation

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

Freehold land and buildings	2% straight line, land not depreciated
Plant and machinery	8.5% straight line and 15% reducing balance
Computer equipment	33.33% straight line
Motor vehicles	10%, 20% and 25% reducing balance

#### 1.5 Leasing

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

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

#### 1.6 Stock and work in progress

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

Work in progress is 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 Pensions

The company operates defined contribution schemes for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

# A.C. BACON ENGINEERING LTD

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2007

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**1 Accounting policies** (continued)

**1.8 Deferred taxation**

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

<b>2 Operating profit</b>	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Operating profit is stated after charging		
Depreciation of tangible assets	323,728	344,415
Loss on disposal of tangible assets	635	-
Operating lease rentals		
- Plant and machinery	344,027	579,578
- Other assets	43,500	43,500
Auditors' remuneration (including expenses and benefits in kind)	9,000	10,000
and after crediting		
Profit on disposal of tangible assets	-	(95,669)
	<u>          </u>	<u>          </u>

<b>3 Investment income</b>	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Bank interest	63,826	15,138
	<u>          </u>	<u>          </u>
	63,826	15,138
	<u>          </u>	<u>          </u>

<b>4 Interest payable</b>	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
On bank loans and overdrafts	3,264	4,028
Lease finance charges	18,131	15,745
	<u>          </u>	<u>          </u>
	21,395	19,773
	<u>          </u>	<u>          </u>

# A.C. BACON ENGINEERING LTD

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2007

5 Taxation	2007	2006
	£	£
<b>Domestic current year tax</b>		
U K corporation tax	212,883	111,714
Adjustment for prior years	-	381
	<hr/>	<hr/>
<b>Current tax charge</b>	212,883	112,095
<b>Deferred tax</b>		
Deferred tax charge/credit current year	(62,083)	73,283
	<hr/>	<hr/>
	150,800	185,378
	<hr/>	<hr/>
<b>Factors affecting the tax charge for the year</b>		
Profit on ordinary activities before taxation	706,795	720,891
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Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2006 - 30.00%)	212,039	216,267
	<hr/>	<hr/>
Effects of		
Non deductible expenses	8,724	5,628
Capital allowances less than depreciation and profit on assets	10,302	(81,495)
Movement on other timing differences	401	(281)
Marginal relief	(18,583)	(28,405)
Adjustments to previous periods	-	381
	<hr/>	<hr/>
	844	(104,172)
	<hr/>	<hr/>
<b>Current tax charge</b>	212,883	112,095
	<hr/>	<hr/>

# A.C. BACON ENGINEERING LTD

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2007

#### 6 Tangible fixed assets

	Freehold land and buildings £	Plant and machinery £	Motor vehicles £	Total £
<b>Cost</b>				
At 1 January 2007	1,754,239	1,916,411	2,661,768	6,332,418
Additions	-	77,726	14,591	92,317
Disposals	-	(57,310)	(45,139)	(102,449)
At 31 December 2007	1,754,239	1,936,827	2,631,220	6,322,286
<b>Depreciation</b>				
At 1 January 2007	207,743	1,427,047	1,242,531	2,877,321
On disposals	-	(44,238)	(37,587)	(81,825)
Charge for the year	27,471	103,856	192,401	323,728
At 31 December 2007	235,214	1,486,665	1,397,345	3,119,224
<b>Net book value</b>				
At 31 December 2007	1,519,025	450,162	1,233,875	3,203,062
At 31 December 2006	1,546,496	489,364	1,419,237	3,455,097

Included above are assets held under finance leases or hire purchase contracts as follows

	Plant and machinery £
<b>Net book values</b>	
At 31 December 2007	646,851
At 31 December 2006	731,527
<b>Depreciation charge for the year</b>	
At 31 December 2007	66,098
At 31 December 2006	54,023

# A.C. BACON ENGINEERING LTD

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2007

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7	Stocks and work in progress	2007	2006
		£	£
	Raw materials and consumables	283,575	235,970
	Work in progress	1,382,284	862,076
		<u>1,665,859</u>	<u>1,098,046</u>

There is no material difference between the replacement cost of stocks and the amounts stated above

8	Debtors	2007	2006
		£	£
	Trade debtors	1,226,855	1,133,091
	Other debtors	136,939	2,339
	Prepayments and accrued income	121,967	117,912
		<u>1,485,761</u>	<u>1,253,342</u>

9	Creditors amounts falling due within one year	2007	2006
		£	£
	Payments received on account	42,453	103,207
	Net obligations under finance leases	173,689	165,934
	Trade creditors	1,147,572	779,168
	Corporation tax	212,883	112,095
	Other taxes and social security costs	475,456	484,741
	Other creditors	40,364	39,509
	Accruals and deferred income	277,643	65,604
		<u>2,370,060</u>	<u>1,750,258</u>

The company's overdraft facility is secured by a fixed and floating charge over the company's assets

# A.C. BACON ENGINEERING LTD

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2007

10 Creditors amounts falling due after more than one year	2007 £	2006 £
Net obligations under finance leases	74,133	247,822
<b>Net obligations under finance leases</b>		
Repayable within one year	173,689	165,934
Repayable between one and five years	74,133	247,822
	247,822	413,756
Included in liabilities falling due within one year	(173,689)	(165,934)
	74,133	247,822

#### 11 Provisions for liabilities

	Deferred tax liability £	Other £	Total £
Balance at 1 January 2007	321,944	-	321,944
Profit and loss account	(62,083)	50,000	(12,083)
Balance at 31 December 2007	259,861	50,000	309,861

The provision relates to an employee claim and associated legal costs. It is expected to be settled in the subsequent accounting period.

The deferred tax liability is made up as follows.

	2007 £	2006 £
Accelerated capital allowances	261,835	323,487
Other timing differences	(1,974)	(1,543)
	259,861	321,944

# A.C. BACON ENGINEERING LTD

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2007

#### 12 Pension and other post-retirement benefit commitments

##### Defined contribution

The company operates defined contribution pension schemes. The assets of the schemes are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the funds.

	2007	2006
	£	£
Contributions payable by the company for the year	268,547	67,726

#### 13 Share capital

	2007	2006
	£	£
<b>Authorised</b>		
5,000 Ordinary of £1 each	5,000	5,000
<b>Allotted, called up and fully paid</b>		
3,800 Ordinary of £1 each	3,800	3,800

#### 14 Statement of movements on reserves

	Other reserves (see below)	Profit and loss account
	£	£
Balance at 1 January 2007	1,200	4,351,525
Profit for the year	-	555,995
Balance at 31 December 2007	1,200	4,907,520
<b>Other reserves</b>		
<b>Capital redemption reserve</b>		
Balance at 1 January 2007 & at 31 December 2007	1,200	

# A.C. BACON ENGINEERING LTD

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2007

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<b>15 Reconciliation of movements in shareholders' funds</b>	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Profit for the financial year	555,995	535,513
Opening shareholders' funds	4,356,525	3,821,012
	<hr/>	<hr/>
Closing shareholders' funds	4,912,520	4,356,525
	<hr/> <hr/>	<hr/> <hr/>

### 16 Financial commitments

At 31 December 2007 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2008

	<b>Land and buildings</b>	
	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Operating leases which expire In over five years	57,000	43,500
	<hr/> <hr/>	<hr/> <hr/>

<b>17 Directors' emoluments</b>	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Emoluments for qualifying services	206,646	171,056
Company pension contributions to money purchase schemes	182,204	1,755
Compensation for loss of office	17,000	-
	<hr/>	<hr/>
	405,850	172,811
	<hr/> <hr/>	<hr/> <hr/>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 2 (2006 - 2)

Emoluments disclosed above include the following amounts paid to the highest paid director

Emoluments for qualifying services	156,561	111,120
Company pension contributions to money purchase schemes	180,000	-
	<hr/> <hr/>	<hr/> <hr/>



# A.C. BACON ENGINEERING LTD

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2007

#### 18 Employees

##### Number of employees

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

	2007 Number	2006 Number
Direct labour	57	59
Office and management	41	39
	<u>98</u>	<u>98</u>

##### Employment costs

	2007 £	2006 £
Wages and salaries	2,757,572	2,344,938
Social security costs	300,092	249,677
Other pension costs	268,547	67,726
	<u>3,326,211</u>	<u>2,662,341</u>

#### 19 Reconciliation of operating profit to net cash inflow from operating activities

	2007 £	2006 £
Operating profit	664,364	725,526
Depreciation of tangible assets	323,728	344,415
Loss/(profit) on disposal of tangible assets	635	(95,669)
(Increase)/decrease in stocks	(567,813)	436,672
Increase in debtors	(232,419)	(108,162)
Increase/(decrease) in creditors within one year	511,259	(368,654)
Other reserve movement	50,000	-
	<u>749,754</u>	<u>934,128</u>

# A.C. BACON ENGINEERING LTD

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007

20 Analysis of net funds	1 January 2007	Cash flow	Other non-cash changes	31 December 2007
	£	£	£	£
Net cash				
Cash at bank and in hand	870,064	441,828	-	1,311,892
Debt				
Finance leases	(413,756)	165,934	-	(247,822)
<b>Net funds</b>	<b>456,308</b>	<b>607,762</b>	<b>-</b>	<b>1,064,070</b>

  

21 Reconciliation of net cash flow to movement in net funds	2007	2006
	£	£
Increase in cash in the year	441,828	454,546
Cash outflow from decrease in debt and lease financing	165,934	115,432
Change in net debt resulting from cash flows	607,762	569,978
New finance lease	-	(505,454)
<b>Movement in net funds in the year</b>	<b>607,762</b>	<b>64,524</b>
Opening net funds	456,308	391,784
<b>Closing net funds</b>	<b>1,064,070</b>	<b>456,308</b>