

A.C. BACON ENGINEERING LTD

DIRECTOR'S REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

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A.C. BACON ENGINEERING LTD

COMPANY INFORMATION

DIRECTORS	D G Bacon Ms J Robinson (appointed 10 October 2011 & resigned 14 May 2012)
COMPANY SECRETARY	Mrs H M Bacon
COMPANY NUMBER	00711612
REGISTERED OFFICE	3 Hardman Street Manchester Greater Manchester M3 3HF
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 2011

The director presents his report and the financial statements for the year ended 31 December 2011

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 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

The director is pleased to report that despite the current economic downturn, the company has continued to perform satisfactorily, achieving a profit after tax for the year. The company continues to benefit from its split of contracts between the agricultural and commercial sectors

Although competition in the industry has remained high, the director considers that with its strong balance sheet the company is well placed to ride out the downturn and take advantage of any new opportunities that may arise

The company's cost base enables it to maintain profitability at the current level of activity but also leaves it in a position to respond quickly to any increase in orders in the future

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

A.C. BACON ENGINEERING LTD

**DIRECTOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2011**

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £80,124 (2010 - £68,148)

The director does not recommend the payment of a dividend

DIRECTORS

The directors who served during the year were

D G Bacon

Ms J Robinson (appointed 10 October 2011 & resigned 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

PROVISION OF INFORMATION TO AUDITORS

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

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

AUDITORS

The auditors, 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

10/9/2012

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 2011, set out on pages 4 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standard (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 Auditing Practices Board's website at www.frc.org.uk/apb/scope/private.cfm

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 2011 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 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

24 September 2012

A.C. BACON ENGINEERING LTD

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2011**

	Note	2011 £	2010 £
TURNOVER	1,2	10,276,842	10,479,613
Cost of sales		<u>(8,118,130)</u>	<u>(8,175,680)</u>
GROSS PROFIT		2,158,712	2,303,933
Administrative expenses		<u>(2,155,762)</u>	<u>(2,254,867)</u>
Other operating income	3	<u>83,476</u>	<u>53,962</u>
OPERATING PROFIT	4	86,426	103,028
Interest receivable and similar income	5	8,143	3,232
Interest payable and similar charges	6	<u>(21,570)</u>	<u>(22,061)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		72,999	84,199
Tax on profit on ordinary activities	7	<u>7,125</u>	<u>(16,051)</u>
PROFIT FOR THE FINANCIAL YEAR	21	<u>80,124</u>	<u>68,148</u>

All amounts relate to continuing operations

The notes on pages 9 to 20 form part of these financial statements

A.C. BACON ENGINEERING LTD

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2011

	2011 £	2010 £
PROFIT FOR THE FINANCIAL YEAR	80,124	68,148
Unrealised deficit on revaluation of investment properties	<u>(70,001)</u>	<u>-</u>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	<u>10,123</u>	<u>68,148</u>

The notes on pages 9 to 20 form part of these financial statements

A.C. BACON ENGINEERING LTD
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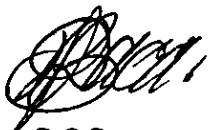
BALANCE SHEET
AS AT 31 DECEMBER 2011

	Note	£	2011 £	£	2010 £
FIXED ASSETS					
Tangible assets	10		3,596,762		3,860,756
Investment property	11		463,750		533,751
			<u>4,060,512</u>		<u>4,394,507</u>
CURRENT ASSETS					
Stocks	12	1,426,778		1,166,164	
Debtors	13	1,272,438		1,184,699	
Cash at bank and in hand		804,157		555,746	
		<u>3,503,373</u>		<u>2,906,609</u>	
CREDITORS: amounts falling due within one year	14	<u>(1,875,319)</u>		<u>(1,553,642)</u>	
NET CURRENT ASSETS			<u>1,628,054</u>		<u>1,352,967</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>5,688,566</u>		<u>5,747,474</u>
CREDITORS: amounts falling due after more than one year	15		(304,458)		(375,000)
PROVISIONS FOR LIABILITIES					
Deferred tax	16	(354,413)		(381,619)	
Other provisions	17	(28,717)		-	
			<u>(383,130)</u>		<u>(381,619)</u>
NET ASSETS			<u>5,000,978</u>		<u>4,990,855</u>
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		174,990
Profit and loss account	21		4,890,989		4,810,865
SHAREHOLDERS' FUNDS	22		<u>5,000,978</u>		<u>4,990,855</u>

A.C. BACON ENGINEERING LTD

**BALANCE SHEET (continued)
AS AT 31 DECEMBER 2011**

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



D G Bacon
Director

Date 10/01/2012.

The notes on pages 9 to 20 form part of these financial statements

A.C. BACON ENGINEERING LTD

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2011**

	Note	2011 £	2010 £
Net cash flow from operating activities	24	422,185	156,954
Returns on investments and servicing of finance	25	(13,427)	(18,829)
Taxation		(1,977)	(24,279)
Capital expenditure and financial investment	25	(24,095)	(233,236)
CASH INFLOW/(OUTFLOW) BEFORE FINANCING		382,686	(119,390)
Financing	25	(134,275)	(405,507)
INCREASE/(DECREASE) IN CASH IN THE YEAR		248,411	(524,897)

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
FOR THE YEAR ENDED 31 DECEMBER 2011**

	2011 £	2010 £
Increase/(Decrease) in cash in the year	248,411	(524,897)
Cash outflow from decrease in debt and lease financing	134,275	(444,493)
CHANGE IN NET DEBT RESULTING FROM CASH FLOWS	382,686	(969,390)
New finance lease	(56,150)	-
MOVEMENT IN NET DEBT IN THE YEAR	326,536	(969,390)
Net funds at 1 January 2011	56,330	1,025,720
NET FUNDS AT 31 DECEMBER 2011	382,866	56,330

The notes on pages 9 to 20 form part of these financial statements

A.C. BACON ENGINEERING LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

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 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.

1.8 Deferred taxation

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

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.

A.C. BACON ENGINEERING LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

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

	2011 £	2010 £
Net rents receivable	<u>83,476</u>	<u>53,962</u>

4. OPERATING PROFIT

The operating profit is stated after charging

	2011 £	2010 £
Depreciation of tangible fixed assets		
- owned by the company	332,409	339,177
- held under finance leases and hire purchase	8,232	15,444
Auditors' remuneration	9,950	9,800
Operating lease rentals		
- plant and machinery	363,950	350,611
- other operating leases	92,600	92,583

5. INTEREST RECEIVABLE

	2011 £	2010 £
Other interest receivable	<u>8,143</u>	<u>3,232</u>

6. INTEREST PAYABLE

	2011 £	2010 £
On bank loans and overdrafts	5,224	12,100
On finance leases and hire purchase contracts	16,346	9,961
	<u>21,570</u>	<u>22,061</u>

A.C. BACON ENGINEERING LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

7. TAXATION

	2011 £	2010 £
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	21,114	3,010
Adjustments in respect of prior periods	(1,033)	-
Total current tax	20,081	3,010
Deferred tax (see note 16)		
Origination and reversal of timing differences	(27,206)	13,041
Tax on profit on ordinary activities	(7,125)	16,051

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2010 - lower than) the standard rate of corporation tax in the UK of 20% (2010 - 28 0%) The differences are explained below

	2011 £	2010 £
Profit on ordinary activities before tax	72,999	84,199
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2010 - 28 0%)	14,600	23,576
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	291	2,639
Capital allowances for year in excess of depreciation	8,739	(23,205)
Adjustments to tax charge in respect of prior periods	(1,033)	-
Short term timing difference leading to an increase (decrease) in taxation	(2,773)	-
Other differences leading to an increase (decrease) in the tax charge	257	-
Current tax charge for the year (see note above)	20,081	3,010

8. DIRECTOR'S REMUNERATION

	2011 £	2010 £
Emoluments	96,520	81,780

A C. BACON ENGINEERING LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

9. STAFF COSTS

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

	2011 £	2010 £
Wages and salaries	2,170,548	2,271,731
Other pension costs	59,413	56,023
	<u>2,229,961</u>	<u>2,327,754</u>

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

	2011 No.	2010 No
Direct labour	45	48
Office and management	31	35
	<u>76</u>	<u>83</u>

A.C BACON ENGINEERING LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

10. TANGIBLE FIXED ASSETS

	Freehold property £	S/Term Leasehold Property £	Plant & machinery £	Motor vehicles £	Total £
Cost					
At 1 January 2011	1,700,220	86,420	3,058,023	2,484,481	7,329,144
Additions	-	-	27,995	56,150	84,145
Disposals	-	-	(5,760)	(80,916)	(86,676)
At 31 December 2011	<u>1,700,220</u>	<u>86,420</u>	<u>3,080,258</u>	<u>2,459,715</u>	<u>7,326,613</u>
Depreciation					
At 1 January 2011	296,654	2,677	1,637,114	1,531,943	3,468,388
Charge for the year	26,424	1,716	146,703	165,798	340,641
On disposals	-	-	(5,706)	(73,472)	(79,178)
At 31 December 2011	<u>323,078</u>	<u>4,393</u>	<u>1,778,111</u>	<u>1,624,269</u>	<u>3,729,851</u>
Net book value					
At 31 December 2011	<u>1,377,142</u>	<u>82,027</u>	<u>1,302,147</u>	<u>835,446</u>	<u>3,596,762</u>
At 31 December 2010	<u>1,403,566</u>	<u>83,743</u>	<u>1,420,909</u>	<u>952,538</u>	<u>3,860,756</u>

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

	2011 £	2010 £
Plant and machinery	<u>56,150</u>	<u>61,749</u>

Included in land and buildings is freehold land at cost of £379,360 (2010 - £379,360), which is not depreciated

A.C. BACON ENGINEERING LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

11 INVESTMENT PROPERTY

	Freehold investment property £
Valuation	
At 1 January 2011	533,751
Surplus/(deficit) on revaluation	(70,001)
At 31 December 2011	463,750

The 2011 valuations were made by the director, on an open market value basis

Revaluation reserves

At 1 January 2011	174,990
Net deficit in investment properties	(70,001)
At 31 December 2011	104,989

Should the investment properties be sold at their market value a tax liability of approximately £10,500 (2010 - £33,000) 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

	2011 £	2010 £
Raw materials	230,639	271,781
Work in progress	1,196,139	894,383
	1,426,778	1,166,164

13. DEBTORS

	2011 £	2010 £
Due after more than one year		
Trade debtors	104,681	74,322
Due within one year		
Trade debtors	1,038,556	978,359
Other debtors	140	2,430
Prepayments and accrued income	129,061	129,588
	1,272,438	1,184,699

A.C. BACON ENGINEERING LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

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

	2011 £	2010 £
Bank loans and overdrafts	100,000	100,000
Payments received on account	101,541	156,228
Net obligations under finance leases and hire purchase contracts	16,833	24,416
Trade creditors	1,039,545	742,377
Corporation tax	21,114	3,010
Social security and other taxes	428,328	378,464
Other creditors	133,300	117,422
Accruals and deferred income	34,658	31,725
	1,875,319	1,553,642

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**

	2011 £	2010 £
Bank loans	275,000	375,000
Net obligations under finance leases and hire purchase contracts	29,458	-
	304,458	375,000

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

	2011 £	2010 £
Between one and five years	29,458	-

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

A.C. BACON ENGINEERING LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

16. DEFERRED TAXATION

	2011 £	2010 £
At beginning of year	381,619	368,578
(Released during)/charge for year	(29,485)	6,066
Other movement	2,279	6,975
	354,413	381,619
At end of year	354,413	381,619

The provision for deferred taxation is made up as follows

	2011 £	2010 £
Accelerated capital allowances	336,102	365,587
Other timing differences	18,311	16,032
	354,413	381,619
	354,413	381,619

17. PROVISIONS

	Warranty Provision £
Additions	28,717
At 31 December 2011	28,717
	28,717

Warranty Provision

A provision has been made for the estimated warranty repair costs

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 £59,413 (2010 - £56,023). At 31 December 2011 the amount payable was £3,545 (2010 - £3,310).

A.C. BACON ENGINEERING LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

19. OPERATING LEASE COMMITMENTS

At 31 December 2011 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings		2011 £	Other 2010 £
	2011 £	2010 £		
Expiry date:				
After more than 5 years	<u>92,600</u>	<u>92,600</u>	-	-

20. SHARE CAPITAL

	2011 £	2010 £
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 2011	2,050	174,990	4,810,865
Profit for the year			80,124
Movement on investment property		(70,001)	
At 31 December 2011	<u>2,050</u>	<u>104,989</u>	<u>4,890,989</u>

22. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2011 £	2010 £
Opening shareholders' funds	4,990,855	5,772,707
Profit for the year	80,124	68,148
Purchase of own shares	-	(850,000)
Other recognised gains and losses during the year	(70,001)	-
Closing shareholders' funds	<u>5,000,978</u>	<u>4,990,855</u>

A.C. BACON ENGINEERING LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

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 £80,133 (2010 - £92,583) At the year end £12,820 (2010 - £Nil) was owed by the company

The pension fund made payments totalling £5,400 (2010 - £5,400) to the company for ground rent At the year end £Nil (2010 - £Nil) was owed to the company

During the year the company made sales of £2,820 (2010 - £490) to Waveney Surfacing Ltd, a company controlled by Mrs H M Bacon, the wife of the director At the year end the company was owed £3,115 (2010 - £576)

During the year the company made sales of £3,980 (2010 - £2,104) to Mr D G Bacon At the year end the company was owed £1,691 (2010 - £278)

At the year end the company owed £97,000 (2010 - £88,000) to Mr D G Bacon The loan was interest free and repayable on demand

24. NET CASH FLOW FROM OPERATING ACTIVITIES

	2011 £	2010 £
Operating profit	86,426	103,028
Depreciation of tangible fixed assets	340,641	354,621
Loss/(profit) on disposal of tangible fixed assets	3,598	(35,608)
Increase in stocks	(260,614)	(336,048)
(Increase)/decrease in debtors	(87,739)	122,270
Increase/(decrease) in creditors	311,156	(51,309)
Increase in provisions	28,717	-
Net cash inflow from operating activities	422,185	156,954

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

	2011 £	2010 £
Returns on investments and servicing of finance		
Interest received	8,143	3,232
Interest paid	(5,224)	(12,100)
Hire purchase interest	(16,346)	(9,961)
Net cash outflow from returns on investments and servicing of finance	(13,427)	(18,829)

A.C. BACON ENGINEERING LTD

**NOTES TO THE FINANCIAL STATEMENTS
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25. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT (continued)

	2011 £	2010 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(27,995)	(313,081)
Sale of tangible fixed assets	3,900	79,845
	(24,095)	(233,236)
	(24,095)	(233,236)
	2011 £	2010 £
Financing		
New secured loans	-	475,000
Repayment of loans	(100,000)	-
Repayment of finance leases	(34,275)	(30,507)
Purchase of own shares	-	(850,000)
	(134,275)	(405,507)
	(134,275)	(405,507)

26. ANALYSIS OF CHANGES IN NET DEBT

	1 January 2011 £	Cash flow £	Other non-cash changes £	31 December 2011 £
Cash at bank and in hand	555,746	248,411	-	804,157
Debt:				
Finance leases	(24,416)	34,275	(56,150)	(46,291)
Debts due within one year	(100,000)	100,000	(100,000)	(100,000)
Debts falling due after more than one year	(375,000)	-	100,000	(275,000)
	56,330	382,686	(56,150)	382,866
Net funds	56,330	382,686	(56,150)	382,866