

**A.C. BACON ENGINEERING LTD**

**DIRECTOR'S REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2010**

TUESDAY



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**A.C. BACON ENGINEERING LTD**

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**COMPANY INFORMATION**

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<b>DIRECTOR</b>	D G Bacon
<b>COMPANY SECRETARY</b>	Mrs H M Bacon
<b>COMPANY NUMBER</b>	00711612
<b>REGISTERED OFFICE</b>	3 Hardman Street Manchester Greater Manchester M3 3HF
<b>AUDITORS</b>	Larking Gowen Chartered Accountants & Statutory Auditors 1 Tavern Lane Dereham Norfolk NR19 1PX

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**A.C. BACON ENGINEERING LTD**

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## A.C. BACON ENGINEERING LTD

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### DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2010

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The director presents his report and the financial statements for the year ended 31 December 2010

#### **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 has confirmed its commitment to the future by purchasing substantial new machinery during the year to improve the efficiency of the manufacturing process.

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 include the preparation of profit and cashflow forecasts and regular monitoring of actual performance against these forecasts. Contracts are closely monitored to keep the risk of bad debts to a minimum.

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**A.C BACON ENGINEERING LTD**

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**DIRECTOR'S REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2010**

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**RESULTS AND DIVIDENDS**

The profit for the year, after taxation, amounted to £68,148 (2009 - £318,685)

The director does not recommend the payment of a dividend

**DIRECTOR**

The director who served during the year was

D G Bacon

**POLITICAL AND CHARITABLE CONTRIBUTIONS**

During the year the company made charitable donations of £2,478 (2009 - £2,896)

**LAND AND BUILDINGS**

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

**ACQUISITION OF OWN SHARES**

During the year the company purchased 850 ordinary shares of £1 each, representing 22.36% of the called up share capital, for £850,000. The purchase was made to provide the director with the control to move the company forward

**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**

Under section 487(2) of the Companies Act 2006, Larking Gowen will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier

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



D G Bacon  
Director

Date 23 September 2011

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## A.C. BACON ENGINEERING LTD

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

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We have audited the financial statements of A C Bacon Engineering Ltd for the year ended 31 December 2010, set out on pages 5 to 20. 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the director, and the overall presentation of the financial statements.

#### 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 2010 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.

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A.C. BACON ENGINEERING LTD

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

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**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

1 Tavern Lane  
Dereham  
Norfolk  
NR19 1PX

26 September 2011

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**A.C. BACON ENGINEERING LTD**

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**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2010**

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	Note	2010 £	2009 £
<b>TURNOVER</b>	1,2	<b>10,479,613</b>	<i>13,009,719</i>
Cost of sales		<b>(8,175,680)</b>	<i>(9,743,799)</i>
<b>GROSS PROFIT</b>		<b>2,303,933</b>	<i>3,265,920</i>
Administrative expenses		<b>(2,254,867)</b>	<i>(2,842,698)</i>
Other operating income		<b>53,962</b>	<i>11,213</i>
<b>OPERATING PROFIT</b>	3	<b>103,028</b>	<i>434,435</i>
Interest receivable and similar income		<b>3,232</b>	<i>21,930</i>
Interest payable and similar charges	5	<b>(22,061)</b>	<i>(13,052)</i>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>84,199</b>	<i>443,313</i>
Tax on profit on ordinary activities	6	<b>(16,051)</b>	<i>(124,628)</i>
<b>PROFIT FOR THE FINANCIAL YEAR</b>	17	<b>68,148</b>	<i>318,685</i>

All amounts relate to continuing operations

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



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**A.C BACON ENGINEERING LTD**

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**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 31 DECEMBER 2010**

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	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
<b>PROFIT FOR THE FINANCIAL YEAR</b>	<b>68,148</b>	<b>318,685</b>
Unrealised surplus on revaluation of investment properties	-	174,990
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>	<b>68,148</b>	<b>493,675</b>

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

**A.C. BACON ENGINEERING LTD**  
00711612

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2010**

	Note	£	2010 £	£	2009 £
<b>FIXED ASSETS</b>					
Tangible assets	7		3,860,756		3,946,533
Investment property	8		533,751		533,751
			<u>4,394,507</u>		<u>4,480,284</u>
<b>CURRENT ASSETS</b>					
Stocks	9	1,166,164		830,116	
Debtors	10	1,184,699		1,306,969	
Cash at bank and in hand		555,746		1,080,643	
			<u>2,906,609</u>	<u>3,217,728</u>	
<b>CREDITORS: amounts falling due within one year</b>	11		<u>(1,553,642)</u>	<u>(1,532,311)</u>	
<b>NET CURRENT ASSETS</b>			<u>1,352,967</u>		<u>1,685,417</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>5,747,474</u>		<u>6,165,701</u>
<b>CREDITORS: amounts falling due after more than one year</b>	12		(375,000)		(24,416)
<b>PROVISIONS FOR LIABILITIES</b>					
Deferred tax	13		(381,619)		(368,578)
<b>NET ASSETS</b>			<u>4,990,855</u>		<u>5,772,707</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	16		2,950		3,800
Capital redemption reserve	17		2,050		1,200
Investment property reserve	17		174,990		174,990
Profit and loss account	17		4,810,865		5,592,717
<b>SHAREHOLDERS' FUNDS</b>	18		<u>4,990,855</u>		<u>5,772,707</u>

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 September 2011

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

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**A.C. BACON ENGINEERING LTD**

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**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2010**

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	Note	2010 £	2009 £
Net cash flow from operating activities	22	156,954	660,942
Returns on investments and servicing of finance	23	(18,829)	8,878
Taxation		(24,279)	(124,953)
Capital expenditure and financial investment	23	(233,236)	(1,487,867)
<b>CASH OUTFLOW BEFORE FINANCING</b>		<b>(119,390)</b>	<b>(943,000)</b>
Financing	23	(405,507)	(102,453)
<b>DECREASE IN CASH IN THE YEAR</b>		<b>(524,897)</b>	<b>(1,045,453)</b>

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**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT  
FOR THE YEAR ENDED 31 DECEMBER 2010**

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	2010 £	2009 £
Decrease in cash in the year	(524,897)	(1,045,453)
Cash (inflow)/outflow from (increase)/decrease in debt and lease financing	(444,493)	102,453
<b>MOVEMENT IN NET DEBT IN THE YEAR</b>	<b>(969,390)</b>	<b>(943,000)</b>
Net funds at 1 January 2010	1,025,720	1,968,720
<b>NET FUNDS AT 31 DECEMBER 2010</b>	<b>56,330</b>	<b>1,025,720</b>

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

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**A.C. BACON ENGINEERING LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010**

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**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 and in the current year to date the company has generated positive cashflows from operating activities. 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 2010

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**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 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.

**1.6 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.

**1.7 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.

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**A.C. BACON ENGINEERING LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010**

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**3. OPERATING PROFIT**

The operating profit is stated after charging

	2010 £	2009 £
Depreciation of tangible fixed assets		
- owned by the company	339,177	265,214
- held under finance leases and hire purchase	15,444	19,296
Audit fees	9,800	9,275
Operating lease rentals		
- plant and machinery	350,611	461,324
- other operating leases	92,583	62,950
	<u>                    </u>	<u>                    </u>

**4. INVESTMENT INCOME**

	2010 £	2009 £
Bank interest received	3,232	21,930
	<u>                    </u>	<u>                    </u>

**5. INTEREST PAYABLE**

	2010 £	2009 £
On bank loans and overdrafts	12,100	3,416
On finance leases and hire purchase contracts	9,961	9,636
	<u>                    </u>	<u>                    </u>
	<u>                    </u>	<u>                    </u>

**6. TAXATION**

	2010 £	2009 £
<b>Analysis of tax charge in the year</b>		
<b>Current tax</b> (see note below)		
UK corporation tax charge on profit for the year	3,010	24,280
<b>Deferred tax</b> (see note 13)		
Origination and reversal of timing differences	13,041	100,348
	<u>                    </u>	<u>                    </u>
<b>Tax on profit on ordinary activities</b>	<u>                    </u>	<u>                    </u>
	<u>                    </u>	<u>                    </u>

**A.C. BACON ENGINEERING LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010**

**6 TAXATION (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2009 - lower than) the standard rate of corporation tax in the UK of 28 0% (2009 - 28 00%) The differences are explained below

	2010 £	2009 £
Profit on ordinary activities before tax	<u>84,199</u>	<u>443,313</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28 0% (2009 - 28 00%)	23,576	124,128
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	2,639	4,490
Capital allowances for year in excess of depreciation	(23,205)	(103,932)
Other timing differences leading to an increase (decrease) in taxation	-	(406)
<b>Current tax charge for the year (see note above)</b>	<u><u>3,010</u></u>	<u><u>24,280</u></u>

**7. TANGIBLE FIXED ASSETS**

	Freehold property £	S/Term Leasehold Property £	Plant & machinery £	Motor vehicles £
<b>Cost</b>				
At 1 January 2010	1,700,220	86,420	2,993,790	2,582,293
Additions	-	-	288,348	24,733
Disposals	-	-	(224,115)	(122,545)
At 31 December 2010	<u>1,700,220</u>	<u>86,420</u>	<u>3,058,023</u>	<u>2,484,481</u>
<b>Depreciation</b>				
At 1 January 2010	270,913	961	1,696,381	1,447,935
Charge for the year	25,741	1,716	141,227	185,937
On disposals	-	-	(200,494)	(101,929)
At 31 December 2010	<u>296,654</u>	<u>2,677</u>	<u>1,637,114</u>	<u>1,531,943</u>
<b>Net book value</b>				
At 31 December 2010	<u><u>1,403,566</u></u>	<u><u>83,743</u></u>	<u><u>1,420,909</u></u>	<u><u>952,538</u></u>
At 31 December 2009	<u><u>1,429,307</u></u>	<u><u>85,459</u></u>	<u><u>1,297,409</u></u>	<u><u>1,134,358</u></u>

**A C. BACON ENGINEERING LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010**

**7. TANGIBLE FIXED ASSETS (continued)**

	<b>Total £</b>
<b>Cost</b>	
At 1 January 2010	7,362,723
Additions	313,081
Disposals	(346,660)
	7,329,144
<b>Depreciation</b>	
At 1 January 2010	3,416,190
Charge for the year	354,621
On disposals	(302,423)
	3,468,388
<b>Net book value</b>	
At 31 December 2010	3,860,756
<i>At 31 December 2009</i>	<i>3,946,533</i>

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

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Plant and machinery	<b>61,749</b>	<b>77,193</b>



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**A.C BACON ENGINEERING LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010**

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**7. TANGIBLE FIXED ASSETS (continued)**

Included in land and buildings is freehold land at cost of £379,360 (2009 - £379,360), which is not depreciated

**8. INVESTMENT PROPERTY**

	<b>Freehold investment property £</b>
<b>Cost</b>	
At 1 January 2010 and 31 December 2010	<b>533,751</b>
<b>Comprising</b>	
Cost	<b>358,761</b>
Annual revaluation surplus/(deficit) 2009	<b>174,990</b>
At 31 December 2010	<b>533,751</b>

The 2010 valuations were made by the director, on an open market value for existing use basis

Should the investment properties be sold at their market value a tax liability of approximately £33,000 (2009 - £35,000) 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

**9. STOCKS**

	<b>2010 £</b>	<b>2009 £</b>
Raw materials	<b>271,781</b>	<b>250,542</b>
Work in progress	<b>894,383</b>	<b>579,574</b>
	<b>1,166,164</b>	<b>830,116</b>

**A.C. BACON ENGINEERING LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010**

**10. DEBTORS**

	2010 £	2009 £
<b>Due after more than one year</b>		
Trade debtors	74,322	87,455
<b>Due within one year</b>		
Trade debtors	978,359	985,126
Other debtors	2,430	95,964
Prepayments and accrued income	129,588	138,424
	1,184,699	1,306,969

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

	2010 £	2009 £
Bank loans and overdrafts	100,000	-
Payments received on account	156,228	133,113
Net obligations under finance leases and hire purchase contracts	24,416	30,507
Trade creditors	742,377	714,067
Corporation tax	3,010	24,279
Social security and other taxes	378,464	351,487
Other creditors	117,422	156,146
Accruals and deferred income	31,725	122,712
	1,553,642	1,532,311

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

**12. CREDITORS:  
Amounts falling due after more than one year**

	2010 £	2009 £
Bank loans	375,000	-
Net obligations under finance leases and hire purchase contracts	-	24,416
	375,000	24,416

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**A.C. BACON ENGINEERING LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010**

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

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

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Between one and five years	-	24,416

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

**13. DEFERRED TAXATION**

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
At beginning of year	<b>368,578</b>	268,230
Charge for year	<b>13,041</b>	108,034
Other movement	-	(7,686)
At end of year	<b>381,619</b>	368,578

The provision for deferred taxation is made up as follows

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Accelerated capital allowances	<b>365,586</b>	359,520
Other timing differences	<b>16,033</b>	9,058
	<b>381,619</b>	368,578

**14. 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. At 31 December 2010 the amount payable was £3,310 (2009 - £5,055)

**A.C. BACON ENGINEERING LTD**

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**15. OPERATING LEASE COMMITMENTS**

At 31 December 2010 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	2010 £	2009 £	2010 £	2009 £
<b>Expiry date:</b>				
After more than 5 years	<u>92,600</u>	<u>92,600</u>	<u>-</u>	<u>-</u>

**16. SHARE CAPITAL**

	2010 £	2009 £
<b>Allotted, called up and fully paid</b>		
2,950 (2009 - 3,800) Ordinary shares of £1 each	<u>2,950</u>	<u>3,800</u>

**17. RESERVES**

	Capital redempt'n reserve £	Investment property revaluation reserve £	Profit and loss account £
At 1 January 2010	1,200	174,990	5,592,717
Profit for the year			68,148
Purchase of own shares			(850,000)
Transfer on purchase of own shares	850		
At 31 December 2010	<u>2,050</u>	<u>174,990</u>	<u>4,810,865</u>

**18. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	2010 £	2009 £
Opening shareholders' funds	5,772,707	5,279,032
Profit for the year	68,148	318,685
Purchase of own shares	(850,000)	-
Other recognised gains and losses during the year	-	174,990
Closing shareholders' funds	<u>4,990,855</u>	<u>5,772,707</u>

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**19 DIRECTOR'S REMUNERATION**

	2010 £	2009 £
Emoluments	<u>81,780</u>	<u>288,213</u>
Company pension contributions to defined contribution pension schemes	<u>-</u>	<u>30,000</u>

During the year retirement benefits were accruing to 1 director (2009 - 1) in respect of defined contribution pension schemes

The highest paid director received remuneration of £81,780 (2009 - £288,213)

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL (2009 - £30,000)

**20 STAFF COSTS**

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

	2010 £	2009 £
Wages and salaries	2,271,731	2,643,945
Other pension costs	56,023	89,475
	<u>2,327,754</u>	<u>2,733,420</u>

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

	2010 No.	2009 No
Direct labour	48	52
Office and management	35	34
	<u>83</u>	<u>86</u>

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**21 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 £92,583 (2009 - £62,950) At the year end £Nil (2009 - £Nil) was owed by the company During the year the company spent £Nil (2009 - £86,420) on improvements to the leasehold premises

The pension fund made payments totalling £5,400 (2009 - £5,400) to the company for ground rent At the year end £Nil (2009 - £Nil) was owed to the company

During the year the company made sales of £2,336 (2009 - £6,789) to Mr P J Bacon, who was a shareholder The company also made a loan to Mr P J Bacon of £74,800 which was repaid during the year together with interest of £205

During the year the company purchased 850 ordinary shares of £1 each from Mr P J Bacon for £850,000

At the year end the company owed £88,000 (2009 - £118,000) to Mr D G Bacon The loan was interest free No formal repayment terms are in place for this loan

**22. NET CASH FLOW FROM OPERATING ACTIVITIES**

	2010 £	2009 £
Operating profit	103,028	434,435
Depreciation of tangible fixed assets	354,621	284,510
(Profit)/loss on disposal of tangible fixed assets	(35,608)	7,224
(Increase)/decrease in stocks	(336,048)	314,173
Decrease/(increase) in debtors	122,270	(202,620)
Decrease in creditors	(51,309)	(176,780)
<b>Net cash inflow from operating activities</b>	<b>156,954</b>	<b>660,942</b>

**23. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT**

	2010 £	2009 £
<b>Returns on investments and servicing of finance</b>		
Interest received	3,232	21,930
Interest paid	(12,100)	(3,416)
Hire purchase interest	(9,961)	(9,636)
<b>Net cash (outflow)/inflow from returns on investments and servicing of finance</b>	<b>(18,829)</b>	<b>8,878</b>

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

	2010 £	2009 £
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(313,081)	(1,264,828)
Sale of tangible fixed assets	79,845	40,415
Purchase of investment properties	-	(263,454)
	(233,236)	(1,487,867)
	2010 £	2009 £
<b>Financing</b>		
New secured loans	475,000	-
Repayment of loans	-	(247,822)
(Repayment of)/new finance leases	(30,507)	145,369
Purchase of own shares	(850,000)	-
	(405,507)	(102,453)
	(405,507)	(102,453)

**24 ANALYSIS OF CHANGES IN NET DEBT**

	1 January 2010 £	Cash flow £	Other non-cash changes £	31 December 2010 £
Cash at bank and in hand	1,080,643	(524,897)	-	555,746
<b>Debt:</b>				
Finance leases	(54,923)	30,507	-	(24,416)
Debts due within one year	-	(100,000)	-	(100,000)
Debts falling due after more than one year	-	(375,000)	-	(375,000)
	1,025,720	(969,390)	-	56,330
<b>Net funds</b>	1,025,720	(969,390)	-	56,330