

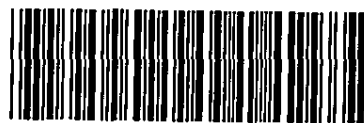
COMPANY NO 885335

Haswell Engineers Limited

Annual Report

Year ended 30 September 2012

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Company Information

Directors	Peter G Pollock Stephen K Brett Gary C Newman
Secretary	Gary C Newman
Registered office	Tudor Works Debden Road Saffron Walden Essex CB11 4AN
Registered number	885335
Auditors	Grant Thornton UK LLP 101 Cambridge Science Park Milton Road Cambridge CB4 0FY
Bankers	Lloyds Banking Group Endeavour House Chivers Way Histon Cambridge CB24 9ZR

Report of the Directors

The directors present their report and the audited financial statements for the year ended 30 September 2012

Results and dividends

The profit on ordinary activities after taxation amounted to £22,301 (2011 loss of £90,651) The directors do not recommend the payment of a dividend (2011 Nil)

Business review

The principal activities of the Company comprise (i) the manufacture of light engineering sheet metal components (with a focus on high quality, service and short production runs), and (ii) an after-market service offering which provides turnkey solutions for minor modifications and upgrades and which is presently focussed on the rail sector 2012 was the first full year of operation of this activity

Trading conditions remained challenging but, helped by the new activity noted above, sales in the current year rose by 17.8% to £3.30 million (2011 £2.80 million) This together with an increase in gross margins (15.1% as compared to the 10.4% of last year) led to a much improved gross profit and although costs were higher the Company generated an operating profit of £29,052 as opposed to a loss of £125,441 in 2011 The directors expect an improved trading performance in the coming year

The business review has been prepared solely for the shareholders of the Company as a body To the extent permitted by law the Company, its directors, officers and employees disclaim liability to any other persons in respect of the information contained in this report Sections may include statements containing risks and uncertainties facing the Company, and other forward-looking statements, which by their nature involve uncertainty since future events and circumstances can cause results and developments to differ materially from those anticipated The Company undertakes no obligation to update any forward-looking statements

Principal risks and uncertainties

The principal risks confronting the Company, where adverse changes could impact results, are

- Certain activities benefit from long standing commercial relationships with key customers and suppliers
- The Company operates in competitive markets which are subject to technical advances and intensive price competition
- The general trend of specialist metal forming activities moving offshore

Key performance indicators

The Company uses the following key performance indicators to assess the progression in its business -

- Orders to sales (orders for the year expressed as a multiple of sales) as a measure of prospective growth being 0.86 in the current year (2011 1.05, 2010 0.93),
- Sales growth (the increase in year on year sales as a percentage of prior year sales) as a measure of current growth being 17.8% for the current year (2011 16.5%, 2010 -5.4%),
- Gross margin (gross profit as a percentage of turnover) as a measure of profitability being 15.1% in the current year (2011 10.4%, 2010 6.1%), and
- Net cash flow (net cash inflow before financing) as a measure of cash generation being -£255,000 for the current year (2011 -£26,000, 2010 -£50,000)

Directors and their interests

The directors who served during the year are shown on page 1

Report of the Directors (continued)

Directors' responsibilities statement

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

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

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The directors are 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 them to ensure that the financial statements comply with the Companies Act 2006. They are 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.

The directors confirm that

- so far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors

Grant Thornton UK LLP are willing to continue in office and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

Approval

The report of the directors was approved by the Board on 14 March 2013 and signed on its behalf by



Stephen Brett
Director

Haswell Engineers Limited is registered in England No 885335

Independent Auditors' Report to the Shareholders of Haswell Engineers Limited

We have audited the financial statements of Haswell Engineers Limited for the year ended 30 September 2012 which comprise the profit and loss account, the balance sheet, and the related notes. 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 auditor's 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 directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are 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 (APB'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 APB'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 30 September 2012 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.

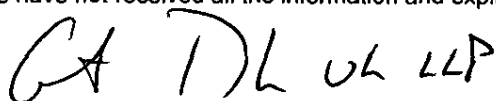
Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors 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 directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Paul Naylor
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Cambridge
14 March 2013

Profit and Loss Account

for the year ended 30 September 2012

	Note	2012 £	2011 £
Turnover	2	3,295,255	2,797,727
Cost of sales		(2,798,388)	(2,505,731)
Gross profit		<u>496,867</u>	<u>291,996</u>
Sales and distribution costs		(227,013)	(206,102)
Administrative expenses		(240,802)	(211,335)
Operating profit / (loss)	3	<u>29,052</u>	<u>(125,441)</u>
Net interest payable	5	(2,049)	(4,477)
Profit / (loss) on ordinary activities before taxation		<u>27,003</u>	<u>(129,918)</u>
Tax on profit / (loss) on ordinary activities	6	(4,702)	39,267
Loss on ordinary activities after taxation and retained for the financial year	15	<u>22,301</u>	<u>(90,651)</u>

All activities are continuing

There were no gains or losses in either year other than those recognised in the profit and loss account and as a result no statement of total recognised gains and losses is presented

The only movement in shareholders' funds is the profit for the financial year

The notes on pages 7 to 14 form an integral part of these financial statements

Balance Sheet

at 30 September 2012

	Note	2012 £	2011 £
Fixed assets			
Tangible assets	7	395,276	466,593
Current assets			
Stocks	8	251,825	275,535
Debtors	9	929,177	473,329
Cash at bank and in hand		52	73,496
		1,181,054	822,360
Creditors Amounts falling due within one year	10	(761,726)	(492,902)
Net current assets		419,328	329,458
Total assets less current liabilities		814,604	796,051
Creditors Amounts falling due after more than one year	11	(700,000)	(700,000)
Provisions for liabilities	13	(25,529)	(29,277)
Net assets		89,075	66,774
Capital and reserves			
Called up share capital	14	320,000	320,000
Profit and loss reserve	15	(230,925)	(253,226)
Equity shareholders' funds		89,075	66,774

The notes on pages 7 to 14 form an integral part of these financial statements

The financial statements were approved by the Board on 14 March 2013 and signed on its behalf by



G C Newman
Director

Notes to the Financial Statements

for the year ended 30 September 2012

1. Accounting Policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable UK accounting standards (United Kingdom Generally Accepted Accounting Practice)

Going concern

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Report of the Directors on page 2. The Company is a subsidiary of LPA Group plc which manages its banking arrangements on a pooled basis across the Group.

Whilst current economic conditions create uncertainty and notwithstanding the poor, although improving, trading performance in the current year, as (i) opportunities remain within the Company's market place, (ii) LPA Group plc has previously demonstrated its willingness to invest in the Company, (iii) the Group has renewed its working capital facilities until the end of January 2014 at which point renewal of facilities is expected, and (iv) the Company has proven adaptable in past periods of adversity, the directors believe that the Company is well placed to manage its business risks successfully.

After making enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Turnover

Turnover is the revenue arising from the value of goods and services supplied by the Company excluding value added tax, trade and volume discounts.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer of the goods, generally upon delivery, and reliable measurement is possible. Revenue is not recognised where recovery of the consideration is not probable or there are significant uncertainties regarding associated costs, or the possible return of goods.

Revenue from the provision of services is recognised when the Company has performed its obligations and in exchange obtained the right to consideration.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment.

Depreciation is calculated to write down the cost or valuation, less estimated residual value, of all tangible fixed assets by equal annual instalments over their estimated useful economic lives. The rates generally applicable are:

Plant and machinery	7% - 25%
Fixtures and fittings	10%
Office equipment	20%

Hire purchase agreements

Where the Company enters into an agreement that transfers substantially all the risks and rewards of ownership of an asset to the lessee, the agreement is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset at the present value of the minimum agreement payments and is depreciated over the asset's useful economic life. Future instalments under such agreements, net of finance charges, are included in creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account at a constant rate of charge on the balance of capital repayments outstanding, and the capital element, which reduces the outstanding obligation.

Notes to the Financial Statements

for the year ended 30 September 2012

1. Accounting Policies (continued)

Operating lease agreements

Leases where substantially all of the risks and rewards of ownership are not transferred to the Company are treated as operating leases. Rentals under operating leases are charged against profits on a straight-line basis over the period of the lease.

Stocks and work in progress

Stocks are stated at the lower of cost and net realisable value, after provisions are made in respect of obsolete and slow moving items, based on historical experience of utilisation on a category-by-category basis.

The cost of raw materials, consumables and goods for resale is based on purchased cost on a first-in, first-out basis. The cost of work in progress and finished goods is based on the cost of direct materials and labour plus attributable overheads based on a normal level of activity, on a first-in, first-out basis. Net realisable value is the estimated selling price less all further costs to complete and all costs to be incurred in marketing, selling and distribution.

Current tax

The current tax charge is based on the profit for the year and is measured at the amounts expected to be paid based on the tax rates and laws substantively enacted by the balance sheet date. Current and deferred tax is recognised in the profit and loss account for the period except to the extent that it is attributable to a gain or loss that is or has been recognised directly in the statement of total recognised gains and losses.

LPA Group plc and its subsidiary undertakings are able to relieve their taxable losses by surrendering them to other group companies where capacity to utilise those losses exists. There is an agreement between members of this Group that such losses will be paid for by the recipient company. Where there is reasonable certainty that taxable losses can be relieved the group relief receivable or payable is included in the taxation charge or credit for the period.

Deferred taxation

Deferred tax is recognised in respect of all timing differences (which arise because of differences between the treatment of certain items for accounting and taxation purposes) that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;
- deferred tax assets are recognised only to the extent that the directors consider that it is 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 is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Defined contribution pension schemes

The pension costs charged against operating profits are the contributions payable to the various schemes in respect of the accounting period.

Cash flow statement

The Company is exempt from publishing a cash flow statement as it is a wholly owned subsidiary of LPA Group plc which publishes a consolidated cash flow statement.

Notes to the Financial Statements

for the year ended 30 September 2012

2. Geographical Analysis of Turnover

	2012 £	2011 £
United Kingdom	3,278,912	2,796,094
Rest of Europe	16,343	908
Rest of World	-	725
	<u>3,295,255</u>	<u>2,797,727</u>

In the opinion of the directors, the activities of the Company constitute one business segment

3. Operating Profit / (Loss)

Operating profit / (loss) is arrived at after charging / (crediting)

	2012 £	2011 £
Depreciation	86,421	104,213
Profit on disposal of fixed assets	-	(5,991)
Operating lease rentals - land and buildings	177,885	177,885
Fees payable to the Company's auditor for the audit of the Company's annual accounts	7,000	6,500
Fees payable to the Company's auditor and its associates for tax services	3,400	1,950
	<u>3,400</u>	<u>1,950</u>

4. Employees

Average monthly number of employees, excluding directors

	2012 No	2011 No
Production	33	35
Sales and distribution	1	1
Administration	2	2
	<u>36</u>	<u>38</u>

	2012 £	2011 £
Staff costs		
Wages and salaries	824,288	824,724
Social security costs	78,526	78,116
Pension costs	15,993	14,970
	<u>918,807</u>	<u>917,810</u>

The directors received no remuneration from the Company

Notes to the Financial Statements

for the year ended 30 September 2012

5. Net Interest Payable

	2012 £	2011 £
Interest payable - hire purchase contracts	2,049	7,354
Interest receivable - bank	-	(2,718)
Interest receivable - other	-	(159)
Total interest receivable	-	(2,877)
Net interest payable	2,049	4,477

There is no interest charged on the inter-group loan

6. Tax on Profit / (Loss) on Ordinary Activities

	2012 £	2011 £
United Kingdom corporation tax		
Group relief payable / (receivable)	8,486	(44,372)
Adjustments in respect of prior years	(36)	(31,961)
Current taxation	8,450	(76,333)
Deferred taxation		
Net origination and reversal of timing differences	(3,748)	37,066
Tax on profit / (loss) on ordinary activities	4,702	(39,267)

Current tax reconciliation

	2012 £	2011 £
Profit / (loss) on ordinary activities before taxation	27,003	(129,918)
Theoretical tax at UK corporation tax rate of 25% (2011 27%)	6,751	(35,078)
Effects of		
- Accelerated capital allowances	1,105	(9,201)
- Expenditure that is not tax deductible	630	(93)
- Adjustments in respect of prior years	(36)	(31,961)
Actual current taxation charge / (credit)	8,450	(76,333)

Notes to the Financial Statements

for the year ended 30 September 2012

7. Tangible Fixed Assets

	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Office equipment £	Total £
Cost					
At 1 October 2011	1,932,493	27,105	174,392	123,213	2,257,203
Additions	11,371	-	-	3,733	15,104
Disposals	-	-	-	-	-
At 30 September 2012	1,943,864	27,105	174,392	126,946	2,272,307
Depreciation					
At 1 October 2011	1,493,520	27,105	162,623	107,362	1,790,610
Charged in year	71,623	-	5,229	9,569	86,421
Disposals	-	-	-	-	-
At 30 September 2012	1,565,143	27,105	167,852	116,931	1,877,031
Net book value					
At 30 September 2012	378,721	-	6,540	10,015	395,276
At 1 October 2011	438,973	-	11,769	15,851	466,593

The net book value of tangible fixed assets includes £nil (2011 £250,611) in respect of assets held under hire purchase contracts. Depreciation charged in the period on those assets amounted to £23,133 (2011 £31,276).

8. Stocks

	2012 £	2011 £
Raw materials	79,861	101,600
Work in progress	75,207	105,390
Finished goods	96,757	68,545
	251,825	275,535

There is no material difference between the balance sheet value of stocks and their replacement cost.

9. Debtors

	2012 £	2011 £
Trade debtors	721,421	226,036
Amounts due from group undertakings	123,371	161,468
Prepayments and accrued income	84,385	85,825
	929,177	473,329

Notes to the Financial Statements

for the year ended 30 September 2012

10. Creditors: Amounts Falling Due Within One Year

	2012 £	2011 £
Bank Overdraft	242,422	-
Obligations under hire purchase contracts	-	60,303
Trade creditors	346,642	366,628
Amounts owed to group undertakings	2,058	7,230
Other taxation and social security	89,344	17,546
Accruals and other deferred income	81,260	41,195
	<u>761,726</u>	<u>492,902</u>

11. Creditors: Amounts Falling Due After More Than One Year

	2012 £	2011 £
Amounts owed to group undertakings	<u>700,000</u>	<u>700,000</u>

12. Obligations Under Hire Purchase Contracts

The Company's obligations under hire purchase contracts are analysed by maturity below

	2012 £	2011 £
Repayable		
Within one year	<u>-</u>	<u>60,303</u>

Notes to the Financial Statements

for the year ended 30 September 2012

13. Provisions for Liabilities

	Dilapidation provision £	Deferred taxation £	Total £
At 1 October 2011	4,469	24,808	29,277
Credit to the profit and loss account in the year	-	(3,748)	(3,748)
At 30 September 2012	<u>4,469</u>	<u>21,060</u>	<u>25,529</u>

The dilapidation provision arises out of a contractual obligation in relation to the property out of which the Company operates

Deferred taxation

Deferred taxation provided in the accounts is as follows

	Provided 2012 £	2011 £
Accelerated capital allowances	<u>21,060</u>	<u>24,808</u>

14. Share Capital

	2012 £	2011 £
Authorised 520,000 ordinary shares of £1 each	<u>520,000</u>	<u>520,000</u>
Allotted and fully paid 320,000 ordinary shares of £1 each	<u>320,000</u>	<u>320,000</u>

15. Reserves

	Profit and loss reserve £
At 1 October 2011	(253,226)
Retained profit for the period	22,301
At 30 September 2012	<u>(230,925)</u>

Notes to the Financial Statements

for the year ended 30 September 2012

16. Financial Commitments

Operating lease commitments

Annual commitments under non-cancellable operating leases are as follows

	Land and buildings	
	2012	2011
	£'000	£'000
Operating leases which expire		
Within two to five years	177,885	177,885

17. Pension Arrangements

The Company makes contributions to a defined contribution arrangement for its employees

18. Contingent Liabilities

The following security is provided to Lloyds Banking Group in respect of LPA Group plc's £1 40m term loan facility (i) a debenture from the Company, and (ii) a corporate guarantee by the Company as guarantor on account of the obligations of each Group company to Lloyds Banking Group

19. Ultimate Parent Undertaking

The Company's ultimate parent undertaking and controlling party is LPA Group plc, a company incorporated in England and Wales. Copies of LPA Group plc group accounts, which include the Company, are available from Companies House, Crown Way, Cardiff, CF14 3UZ

The Company has taken advantage of the exemption conferred by FRS8 and has not disclosed related party transactions with group undertakings during the period