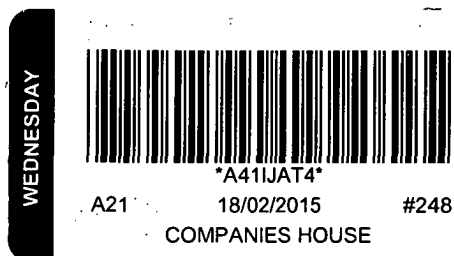


Company No. 01202760

A & J FABTECH LIMITED
CONSOLIDATED REPORT
AND FINANCIAL STATEMENTS
YEAR ENDED 28TH FEBRUARY 2014



WALTER DAWSON & SON

CHARTERED ACCOUNTANTS & STATUTORY AUDITOR

7 Wellington Road East

Dewsbury

West Yorkshire

WF13 1HF

A & J FABTECH LIMITED
CONSOLIDATED REPORT AND FINANCIAL
STATEMENTS

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A & J FABTECH LIMITED
DIRECTORS' REPORT

The directors present their annual report and audited financial statements for the year ended 28th February 2014.

1. Principal Activities

The activities of the group continued to be metal fabrications.

2. Dividends and Results for the Year

The results for the year ended 28th February 2014 are shown in the profit and loss account on page 6. The directors do not recommend the payment of a dividend.

3. Directors

The directors who served during the year, together with their interests in shares of the group, are as follows:

	<u>£1 Ordinary Shares</u>	
	<u>28th February 2014</u>	<u>1st March 2013</u>
Shaun M. Daniels	0	0
Alan D. Wright	85	85
Mark A. Wright	100	100

4. Statement of Directors' Responsibilities

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 the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 of the group and the company and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- (a). select suitable accounting policies and then apply them consistently;
- (b). make judgements and accounting estimates that are reasonable and prudent;
- (c). state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- (d). prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

A. & J. FABTECH
DIRECTORS' REPORT

4. Statement of Directors' Responsibilities (continued)

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.

5. Statement of Disclosure of Information to Auditors

The directors of the company who held office at the date of approval of this Annual Report each confirm that:

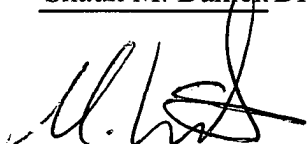
- (a). so far as they are aware, there is no relevant audit information, information needed by the company's auditors in connection with preparing their report, of which the company's auditors are unaware; and
- (b). they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

6. Auditors

The auditors, Walter Dawson & Son, having expressed their willingness to continue in office, will be proposed for re-appointment in accordance with Section 485 of the Companies Act 2006.

This report was approved by the Board of Directors on 12th November 2014 and signed on its behalf by:

Shaun M. Daniel: DIRECTOR



A. & J. FABTECH LIMITED
STRATEGIC REPORT

The directors present their strategic report for the year ended 28th February 2014

1. Objectives and Activities

- To develop a long term strategic plan - we have appointed a consultant to help develop a strategic plan and are building a team around this plan.
- To refocus the business in its various market sectors and to develop new higher value offerings into existing and new markets.
- To improve all internal processes, to make us more efficient, in order to manage growth without having to spend on additional overheads.
- To appoint an experienced business development manager.

2. Achievements and Performance

- Year ended February 2014 was a very disappointing year, due to a lack of sales and a number of toxic contracts.
- The pressure part side of the business has fallen due to the lack of growth in the market place. This market is very cyclical and is expected to increase next year.
- We are 10 months in and have seen a dramatic increase over 2014. The order intake is up 50% and the forecasted bottom line performance will be significantly better than 2014.

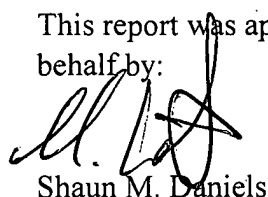
3. Financial Review

- The company has sustained large losses this year, as a result of a slow market, a lack of a good sales drive and a few toxic contracts.
- The shareholders of the business have provided financial support to sustain the losses for February 2014 and continue to support the company through a period of restructuring, changes and entries into new markets.

4. Future Prospects

- The strategic plan for the company is well underway, with a 5 year plan of restructuring and development into new markets.
- Internally there is strength in the management team, who are focusing on driving the business forward.
- Substantial growth is expected for 2015 and prospects for 2016 are extremely encouraging.

This report was approved by the Board of Directors on 12th November 2014 and signed on its behalf by:


Shaun M. Daniels

DIRECTOR

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
A & J FABTECH LIMITED

We have audited the financial statements of A. & J. Fabtech Limited for the year ended 28th February 2014 on pages 6 to 30. 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 1, 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 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 group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report and Strategic Report to identify material inconsistencies with the audited financial statements, and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on Financial Statements

In our opinion the financial statements:

- (a) give a true and fair view of the state of the group's and the parent company's affairs as at 28th February 2014 and of the group's profit or loss for the year then ended;

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
A & J FABTECH LIMITED

Opinion on Financial Statements (continued)

- (b) have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- (c) have been prepared in accordance with the requirements of the Companies Act 2006.

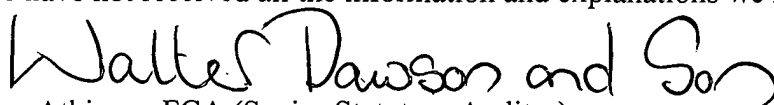
Opinion on Other Matter Prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report and Strategic 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:

- (a) adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- (b) the parent company financial statements are not in agreement with the accounting records and returns; or
- (c) certain disclosures of directors' remuneration specified by law are not made; or
- (d) we have not received all the information and explanations we require for our audit.



Graham Atkinson FCA (Senior Statutory Auditor)

for and on behalf of ~~Walter Dawson & Son~~, Statutory Auditor.

Chartered Accountants

7 Wellington Road East
Dewsbury
West Yorkshire
WF13 1HF

12th November 2014

A & J FABTECH LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 28TH FEBRUARY 2014

		<u>2014</u>	<u>2013</u>
	<u>Note</u>	£	£
<u>TURNOVER</u>	2	2,795,785	3,550,157
Cost of Sales		(2,720,976)	(2,826,675)
<u>GROSS PROFIT</u>		<u>74,809</u>	<u>723,482</u>
Distribution Costs		309,949	432,245
Administrative Expenses		<u>741,172</u>	<u>582,300</u>
		(1,051,121)	(1,014,545)
<u>OPERATING PROFIT/(LOSS)</u>		<u>(976,312)</u>	<u>(291,063)</u>
Profit on Sale of Land and Buildings		-	304,437
Interest Receivable and Similar Income		-	23,824
Finance Costs	4	(86,064)	(96,917)
<u>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</u>	5	(1,062,376)	(59,719)
Tax on Profit/(Loss) on Ordinary Activities	6	18,783	56,478
<u>PROFIT/(LOSS) FOR THE FINANCIAL YEAR on Ordinary Activities After Taxation</u>		(1,043,593)	(3,241)
Minority Interests		<u>32,353</u>	<u>24,638</u>
<u>PROFIT/(LOSS) FOR THE FINANCIAL YEAR Attributable to the Group</u>	17	<u>(1,011,240)</u>	<u>21,397</u>

In each of the above years, the only gain or loss recognised by the group was the profit or loss for the year.

A. & J. FABTECH LIMITED

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 28TH FEBRUARY 2014

	<u>2014</u>	<u>2013</u>
	<u>£</u>	<u>£</u>
Profit/(Loss) for the Financial Year	(1,043,593)	(3,241)
Unrealised Surplus on Revaluation of Properties	-	-
	<u>(1,043,593)</u>	<u>(3,241)</u>

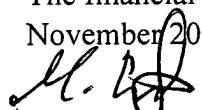
NOTE OF HISTORICAL COST PROFITS AND LOSSES

	<u>2014</u>	<u>2013</u>
	<u>£</u>	<u>£</u>
Reported Profit/(Loss) on Ordinary Activities Before Taxation	(1,062,376)	(59,719)
Realisation of Property Revaluation Gains of Previous Years	-	-
Difference Between the Historical Cost Depreciation Charge and the Actual Depreciation Charge for the Year Calculated on the Revalued Amount	<u>378</u>	<u>378</u>
Historical Cost Profit/(Loss) on Ordinary Activities Before Taxation	<u>(1,061,998)</u>	<u>(59,341)</u>
Historical Cost Profit/(Loss) for the Year Retained after Taxation, Minority Interest, Extraordinary Items and Dividends	<u>(1,010,862)</u>	<u>21,775</u>

A & J FABTECH LIMITED
BALANCE SHEET AS AT 28TH FEBRUARY 2014

		<u>2014</u>	<u>2013</u>
	<u>Note</u>	£	£
<u>FIXED ASSETS</u>			
Intangible Assets	7	37,373	47,246
Tangible Assets	8	<u>3,363,888</u>	<u>3,371,714</u>
		3,401,261	3,418,960
<u>CURRENT ASSETS</u>			
Stock	10	309,460	789,999
Debtors	11	625,886	837,981
Cash at Bank and in Hand		<u>357</u>	<u>464</u>
		935,703	1,628,444
<u>CREDITORS: Amounts Falling Due Within One Year</u>	12	<u>(1,970,055)</u>	<u>(1,881,376)</u>
<u>NET CURRENT LIABILITIES</u>		<u>(1,034,352)</u>	<u>(252,932)</u>
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		2,366,909	3,166,028
<u>CREDITORS: Amounts Falling Due After More Than One Year</u>	13	(1,412,995)	(1,149,738)
<u>PROVISION FOR LIABILITIES</u>			
Deferred Taxation	14	<u>(2,670)</u>	<u>(21,453)</u>
		<u>951,244</u>	<u>1,994,837</u>
<u>CAPITAL AND RESERVES</u>			
Called Up Equity Share Capital	15	285	285
Capital Redemption Reserve		515	515
Revaluation Reserve		13,252	13,630
Profit and Loss Account	17	<u>967,367</u>	<u>1,978,229</u>
		981,419	1,992,659
<u>SHAREHOLDERS' FUNDS</u>			
Minority Interests		<u>(30,175)</u>	<u>2,178</u>
		<u>951,244</u>	<u>1,994,837</u>

The financial statements were approved and authorised for issue by the Board of Directors on 12th November 2014 and signed on their behalf by:

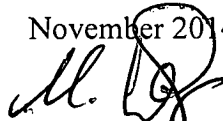

Shaun M. Daniels

Alan D. Wright DIRECTORS

A. & J. FABTECH LIMITED
BALANCE SHEET AS AT 28TH FEBRUARY 2014

		<u>2014</u>	<u>2013</u>
	<u>Note</u>	£	£
<u>FIXED ASSETS</u>			
Intangible Assets	7	265	530
Tangible Assets	8	2,862,183	2,920,909
Investment in Subsidiaries	9	349,593	349,593
		<u>3,212,041</u>	<u>3,271,032</u>
<u>CURRENT ASSETS</u>			
Stock	10	203,506	377,090
Debtors	11	695,757	942,001
Cash at Bank and in Hand		300	370
		<u>899,563</u>	<u>1,319,461</u>
<u>CREDITORS: Amounts Falling Due Within One Year</u>	12	<u>(1,594,722)</u>	<u>(1,453,375)</u>
<u>NET CURRENT LIABILITIES</u>		<u>(695,159)</u>	<u>(133,914)</u>
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		2,516,882	3,137,118
<u>CREDITORS: Amounts Falling Due After More Than One Year</u>	13	(1,269,824)	(1,006,756)
<u>PROVISION FOR LIABILITIES</u>			
Deferred Taxation	14	-	(11,631)
		<u>1,247,058</u>	<u>2,118,731</u>
<u>CAPITAL AND RESERVES</u>			
Called Up Share Capital	15	285	285
Capital Redemption Reserve		515	515
Profit and Loss Account	17	1,246,258	2,117,931
<u>SHAREHOLDERS' FUNDS</u>		<u>1,247,058</u>	<u>2,118,731</u>

The financial statements were approved and authorised for issue by the Board of Directors on 12th November 2014 and signed on their behalf by:


Shaun M. Daniels

Alan D. Wright DIRECTORS

A & J FABTECH LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 28TH FEBRUARY 2014

		<u>2014</u>		<u>2013</u>
	Note	£	£	£
<u>CASH FLOW FROM</u>				
<u>OPERATING ACTIVITIES</u>	1	460,197		178,725
<u>RETURNS ON INVESTMENTS</u>				
<u>AND SERVICING OF FINANCE</u>	2	(86,064)		(73,093)
<u>TAXATION</u>		-		74,392
<u>CAPITAL EXPENDITURE AND</u>				
<u>FINANCIAL INVESTMENTS</u>	2	(165,874)		381,423
<u>EQUITY DIVIDENDS PAID</u>		-		-
<u>CASH INFLOW BEFORE FINANCING</u>			208,259	561,447
<u>FINANCING</u>				
Issue of Shares		-		-
Decrease in Debt	2	(240,806)	(548,354)	
		(240,806)		(548,354)
<u>INCREASE/(DECREASE) IN CASH</u>		(32,547)		13,093

RECONCILIATION OF NET CASH FLOW TO MOVEMENT
IN NET DEBT (NOTE 3)

	<u>2014</u>	<u>2013</u>
	£	£
<u>INCREASE/(DECREASE) IN CASH</u>	(32,547)	13,093
Cash Outflow from Movement in Debt and Hire Purchase Contracts and Lease Financing	360,371	612,349
<u>CHANGE IN NET DEBT RESULTING</u> <u>FROM CASH FLOWS</u>	327,824	625,442
New Hire Purchase Contracts and Finance Leases	(119,565)	(63,995)
<u>MOVEMENT IN NET DEBT</u>	208,259	561,447
Net Debt at 1st March 2013	(1,353,707)	(1,915,154)
Net Debt at 28th February 2014	(1,145,448)	(1,353,707)

A & J FABTECH LIMITED
NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 28TH FEBRUARY 2014

1. Reconciliation of Operating Loss to Operating Cash Flows

	<u>2014</u>	<u>2013</u>
	£	£
Operating Loss	(976,312)	(291,063)
Depreciation and Amortisation	178,528	181,041
(Profit)/Loss on Sale of Fixed Assets	5,045	(34,100)
Decrease in Stocks	480,539	707,637
Decrease in Debtors	212,095	551,325
Increase/(Decrease) in Creditors	560,302	(936,115)
<u>Net Cash Inflow from Operating Activities</u>	<u>460,197</u>	<u>178,725</u>

2. Analysis of Cash Flows For Headings Netted in the Cash Flow Statement

(i) <u>Returns on Investment and Servicing of Finance</u>	<u>2014</u>	<u>2013</u>
	£	£
Interest Received	-	50
Rental Income Received	-	23,774
Interest Paid	(72,946)	(84,267)
Exchange Loss/(Gain) on Foreign Currency Translations	-	277
Interest Element of Hire Purchase Contracts and Finance Lease Payments	(13,118)	(12,927)
<u>Net Cash Outflow for Returns on Investments and Servicing of Finance</u>	<u>(86,064)</u>	<u>(73,093)</u>
 (ii) <u>Capital Expenditure and Financial Investment</u>	 <u>2014</u>	 <u>2013</u>
	£	£
Purchase of Tangible Fixed Assets	(171,222)	(154,970)
Sale of Tangible Fixed Assets	5,348	536,393
<u>Net Cash (Outflow)/Inflow for Capital Expenditure and Financial Investment</u>	<u>(165,874)</u>	<u>381,423</u>

A & J FABTECH LIMITED
NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 28TH FEBRUARY 2014

2. Analysis of Cash Flows For Headings Netted in the Cash Flow Statement (continued)

(iii) <u>Financing</u>	<u>2014</u> £	<u>2013</u> £
Issue of Ordinary Share Capital	-	-
Debt Due Within One Year:		
New Bank Loans Obtained	-	-
Repayment of Bank Loans	28,583	13,438
Debt Due Beyond One Year:		
New Bank Loans Obtained	-	-
Repayment of Bank Loans	(278,410)	(548,116)
Capital Element of Hire Purchase Contracts and Finance Lease Payments	9,021	(13,676)
<u>Net Cash Outflow from Financing</u>	<u>(240,806)</u>	<u>(548,354)</u>

3. Analysis of Net Debt

	At 1st March 2013 £	Cashflows £	Other Non Cash Changes £	At 28th February 2014 £
Cash at Bank and in Hand	464	(107)		357
Bank Overdraft	(385,980)	(32,440)		(418,420)
		(32,547)		
Bank Loans Due After One Year	(765,476)	278,410	-	(487,066)
Bank Loans Due Within One Year	(26,878)	(28,583)	-	(55,461)
Hire Purchase Contracts and Finance Leases	(175,837)	110,544	(119,565)	(184,858)
		360,371		
<u>Total</u>	<u>(1,353,707)</u>	<u>327,824</u>	<u>(119,565)</u>	<u>(1,145,448)</u>

A. & J. FABECH LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 28TH FEBRUARY 2014

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are as follows:

(a). Accounting Convention

The financial statements are prepared under the historical cost convention, except that a property is included at its revalued amount.

(b). Tangible Fixed Assets

Depreciation is provided on a straight line or reducing balance basis over the expected useful lives of each category of tangible fixed assets:

Freehold Buildings	2% per annum on cost or valuation
Plant and Machinery	25% per annum on written down value
Motor Vehicles	25% per annum on written down value
Fixtures and Fittings	25% per annum on written down value and on cost

The directors of the company have taken advantage of the transitional provisions of Financial Reporting Standard No. 15 and are not adopting a policy of revaluation. The net book value of the freehold land and buildings included in the financial statements reflects a previous valuation carried out. This valuation is to be retained and not updated.

(c). Stocks and Work in Progress

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost includes all direct costs incurred in bringing the stocks and work in progress to their present location and condition, including where appropriate, a proportion of manufacturing overheads.

(d). Intangible Fixed Assets

Goodwill and other intangible fixed assets have been capitalised and are amortised on a straight line basis over the estimated useful economic life of twenty years, which was chosen because the directors are of the opinion that this is the period over which the company will receive economic benefits from these assets.

(e). Leases and Hire Purchase Contracts

Assets held under finance leases and hire purchase contracts and the relating obligations are recorded in the balance sheet at the fair value of the assets at the inception of the agreements. The excess of the payments over the recorded obligations are treated as finance charges which are amortised over the term of each agreement to give a constant rate of charge on the remaining balance of the obligation.

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the periods of the leases.

A. & J. FABECH LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 28TH FEBRUARY 2014

1. ACCOUNTING POLICIES (continued)

(f). Investments

Investments are stated at cost less a provision for any permanent diminution in value.

(g). Basis of Consolidation

The consolidated financial statements comprise the accounts of the parent company and all its subsidiaries for the year ended 28th February 2014.

The results of subsidiaries acquired or disposed of during the year are included from the effective date of acquisition or up to the effective date of disposal.

(h). Foreign Currency Transactions

Assets and liabilities denominated in a foreign currency are translated into sterling at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated at the average exchange rate for the year. All exchange differences are dealt with through the profit and loss account

(i). Finance Costs of Debt

The finance costs of debt, including interest and issue costs, are allocated to each period over the term of the debt and charged to the profit and loss account at a constant rate on the outstanding amount.

(j). Deferred Taxation

Deferred taxation is recognised in respect of all timing differences, between the treatment of certain items for accounts purposes and their treatment for tax purposes, that have originated but not reversed by the balance sheet date.

Deferred taxation is not recognised when assets are revalued unless, by the balance sheet date, the company has entered into a binding agreement to sell the assets and recognised the gains and losses expected to arise on sale or where assets have been sold and it is expected that the taxable gain will be rolled over into a replacement asset.

(k). Pension Costs

The company has a defined contribution pension scheme. The cost of the contributions made by the company to the scheme are charged to the profit and loss account as incurred.

2. TURNOVER

Turnover represents the value of goods sold and the services provided net of value added tax.

The turnover and profit or loss before taxation is attributable to the group's principal activity.

A. & J. FABECH LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 28TH FEBRUARY 2014

2. TURNOVER (continued)

The geographical analysis of turnover is as follows:

	<u>2014</u>	<u>2013</u>
	£	£
United Kingdom	2,558,911	3,050,682
Europe	215,160	489,619
The Far East	21,714	9,856
	<u>2,795,785</u>	<u>3,550,157</u>

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	<u>2014</u>	<u>2013</u>
	£	£
<u>Directors' Remuneration:</u>		
Salary	91,554	79,443
Benefits in Kind	10,479	7,772
	<u>102,033</u>	<u>87,215</u>
Pension Contributions Under A Money Purchase Scheme	12,453	13,936
	<u>114,486</u>	<u>101,151</u>

Number of Directors for Whom Pension
Benefits Are Accrued Under:

	<u>No.</u>	<u>No.</u>
A Defined Benefit Scheme	-	-
A Money Purchase Scheme	3	3
	<u>3</u>	<u>3</u>

Highest Paid Director:

	<u>2014</u>	<u>2013</u>
	£	£
Remuneration	85,679	84,874
Defined Benefit Pension Scheme:		
Accrued Pension	-	-
Accrued Lump Sum	-	-
	<u>85,679</u>	<u>84,874</u>

A. & J. FABECH LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 28TH FEBRUARY 2014

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)

<u>Employee Costs During the Year:</u>	<u>2014</u>	<u>2013</u>
	£	£
Wages and Salaries	1,527,139	1,440,834
Social Security Costs	148,737	146,976
Other Pension Costs	37,251	38,606
	<u>1,713,127</u>	<u>1,626,416</u>
<u>Average Number of Persons Employed:</u>	<u>No.</u>	<u>No.</u>
Distribution and Selling	7	3
Production	32	33
Administration	12	15
	<u>51</u>	<u>51</u>

<u>4. FINANCE COSTS</u>	<u>2014</u>	<u>2013</u>
	£	£
Interest on Bank Overdrafts	13,667	11,078
Interest Payable and Issue Costs on Loans	57,719	71,464
Other Interest	1,560	-
Finance Charges on Finance Leases and Hire Purchase Contracts	13,118	12,927
Interest Payable on Directors Loans	-	1,725
	-	
(Gains)/Losses on Foreign Currency Translation	-	(277)
	<u>86,064</u>	<u>96,917</u>

A. & J. FABECH LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 28TH FEBRUARY 2014

5. PROFIT/(LOSS) ON ORDINARY ACTIVITIES

<u>BEFORE TAXATION</u>	<u>2014</u>	<u>2013</u>
	£	£
<u>Profit/(Loss) on Ordinary Activities before</u>		
<u>Taxation is After Charging:</u>		
Amortisation	9,873	9,608
Depreciation	168,655	171,433
Loss/(Profit) on Sale of Fixed Assets	5,045	(338,537)
Auditor's Remuneration:		
Audit Work	7,908	7,690
Taxation	-	-
Other Services	3,000	-
Rentals Under Operating Leases:		
Hire of Plant and Machinery	66,721	88,632
Other Operating Leases	<u>7,024</u>	<u>7,333</u>

6. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

	<u>2014</u>	<u>2013</u>
	£	£
<u>Current Tax:</u>		
UK Corporation Tax on the		
Profit/(Loss) for the Year	-	(7,566)
Adjustment in Respect of Prior Years	<u>-</u>	<u>(12,964)</u>
	-	(20,530)
<u>Deferred Taxation:</u>		
Origination and Reversal of Timing		
Differences	18,783	(35,948)
	<u>18,783</u>	<u>(56,478)</u>

The group has corporation tax losses of £1,367,037 (2013: £283,749) to carry forward against future trading profits.

A. & J. FABECH LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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6. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES (continued)

The tax assessed for the year is higher (2013 : lower) than the standard rate of corporation tax in the UK of 20% (2013 : 20%). The differences are explained as follows:

	<u>2014</u>	<u>2013</u>
	<u>£</u>	<u>£</u>
Profit/(Loss) on Ordinary Activities before Tax	<u>(1,062,376)</u>	<u>(59,719)</u>
Profit/(Loss) on Ordinary Activities Multiplied by Standard Rate of Corporation Tax in the UK of 20% (2013 : 20%)	(212,475)	(11,944)
<u>Effects of:</u>		
Expenses not Deductible for Tax Purposes	2,991	3,684
Capital Allowances for Year in Excess of Depreciation	(7,165)	(51,063)
Non-Utilisation of Tax Losses	216,649	49,413
Relief for Marginal Rates of Tax	-	(32)
Chargeable Gain	-	2,376
	-	
Adjustments to Tax Charge in Respect of Prior Years	-	(12,964)
	-	
Current Tax Charge for Year	<u>-</u>	<u>(20,530)</u>

Based on the current capital investment plans, the group expects to be able to continue to claim capital allowances in excess of depreciation in future years at a slightly lower level than in the current year.

The group has brought forward tax losses which have reduced tax payments in recent years.

No provision has been made for deferred tax on gains recognised on revaluing the freehold land and buildings to its market value. Such tax would become payable only if the freehold land and buildings were sold without it being possible to claim rollover relief. The total amount unprovided for is £2,726 (2013 : £2,726). At present, it is not envisaged that any tax will become payable in the foreseeable future.

A. & J. FABECH LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 28TH FEBRUARY 2014

7. INTANGIBLE FIXED ASSETS

(i). The Group

	<u>Goodwill</u> £	<u>Total</u> £
<u>Cost:</u>		
At 1st March 2013	192,163	192,163
Additions	-	-
At 28th February 2014	<u>192,163</u>	<u>192,163</u>
<u>Amortisation:</u>		
At 1st March 2013	144,917	144,917
Charge for Year	9,873	9,873
At 28th February 2014	<u>154,790</u>	<u>154,790</u>
<u>Net Book Value:</u>		
At 28th February 2014	<u>37,373</u>	<u>37,373</u>
At 28th February 2013	<u>47,246</u>	<u>47,246</u>

(ii). The Company

	<u>Goodwill</u> £	<u>Total</u> £
<u>Cost:</u>		
At 1st March 2013	5,300	5,300
Additions	-	-
At 28th February 2014	<u>5,300</u>	<u>5,300</u>
<u>Amortisation:</u>		
At 1st March 2013	4,770	4,770
Charge for Year	265	265
At 28th February 2014	<u>5,035</u>	<u>5,035</u>
<u>Net Book Value:</u>		
At 28th February 2014	<u>265</u>	<u>265</u>
At 28th February 2013	<u>530</u>	<u>530</u>

A. & J. FABECH LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 28TH FEBRUARY 2014

8. TANGIBLE FIXED ASSETS

(i). The Group

	Freehold Land and Buildings	Motor Vehicles	Plant and Machinery	Fixtures and Fittings	Total
	£	£	£	£	£
<u>Cost or Valuation:</u>					
At 1st March 2013	3,016,258	3,900	1,457,053	271,039	4,748,250
Additions	6,510	16,965	128,793	18,954	171,222
Disposals	-	-	(255,651)	(143,962)	(399,613)
At 28th February 2014	<u>3,022,768</u>	<u>20,865</u>	<u>1,330,195</u>	<u>146,031</u>	<u>4,519,859</u>
<u>Depreciation:</u>					
At 1st March 2013	224,646	3,900	952,846	195,144	1,376,536
Disposals	-	-	(254,343)	(134,877)	(389,220)
Charge for Year	50,104	3,181	96,929	18,441	168,655
At 28th February 2014	<u>274,750</u>	<u>7,081</u>	<u>795,432</u>	<u>78,708</u>	<u>1,155,971</u>
<u>Net Book Value:</u>					
At 28th February 2014	<u>2,748,018</u>	<u>13,784</u>	<u>534,763</u>	<u>67,323</u>	<u>3,363,888</u>
At 28th February 2013	<u>2,791,612</u>	<u>-</u>	<u>504,207</u>	<u>75,895</u>	<u>3,371,714</u>

The net book value of tangible fixed assets includes £256,512 (2013 : £228,687) in respect of assets held under hire purchase contracts and finance leases. The depreciation charge for the year on those assets amounted to £50,747 (2013 : £45,415).

Included in freehold land and buildings is £584,226 (2013 : £584,226) relating to land which is not depreciated.

The historical cost of the freehold land and buildings included above at a valuation of £3,022,768 (2013: £3,016,258) was £3,003,846 (2013 : £2,997,336) and the aggregate depreciation thereon would have been £270,249 (2013 : £221,478).

A. & J. FABECH LIMITED
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YEAR ENDED 28TH FEBRUARY 2014

8. TANGIBLE FIXED ASSETS (continued)

(ii) The Company

	Freehold Land and Buildings	Motor Vehicles	Plant and Machinery	Fixtures and Fittings	Total
	£	£	£	£	£
<u>Cost:</u>					
At 1st March 2013	2,829,040	3,900	717,906	221,814	3,772,660
Additions	6,510	16,965	7,300	13,621	44,396
Disposals	-	-	(255,651)	(143,962)	(399,613)
At 28th February 2014	<u>2,835,550</u>	<u>20,865</u>	<u>469,555</u>	<u>91,473</u>	<u>3,417,443</u>
<u>Depreciation:</u>					
At 1st March 2013	190,036	3,900	482,529	175,286	851,751
Disposals	-	-	(254,343)	(134,877)	(389,220)
Charge for Year	44,728	3,181	32,251	12,569	92,729
At 28th February 2014	<u>234,764</u>	<u>7,081</u>	<u>260,437</u>	<u>52,978</u>	<u>555,260</u>
<u>Net Book Value:</u>					
At 28th February 2014	<u>2,600,786</u>	<u>13,784</u>	<u>209,118</u>	<u>38,495</u>	<u>2,862,183</u>
At 28th February 2013	<u>2,639,004</u>	<u>-</u>	<u>235,377</u>	<u>46,528</u>	<u>2,920,909</u>

The net book value of tangible fixed assets includes £20,999 (2013 : £9,620) in respect of assets held under hire purchase contracts and finance leases. The depreciation charge for the year on those assets amounted to £5,586 (2013 : £2,322).

Included in freehold land and buildings is £570,226 (2013: £570,226) relating to land which is not depreciated.

A. & J. FABECH LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 28TH FEBRUARY 2014

9. INVESTMENT IN SUBSIDIARIES

	Investment in Subsidiaries £	Total £
<u>Cost:</u>		
At 1st March 2013	349,593	349,593
Additions	-	-
At 28th February 2014	<u>349,593</u>	<u>349,593</u>
 <u>Provisions:</u>		
At 1st March 2013	-	-
Charge for Year	-	-
At 28th February 2014	<u>-</u>	<u>-</u>
 <u>Net Book Value:</u>		
At 28th February 2014	<u>349,593</u>	<u>349,593</u>
At 28th February 2013	<u>349,593</u>	<u>349,593</u>

The following are the subsidiaries of the company:

	Cost £	Capital and Reserves £	Loss for Year £	Portion of Ordinary Shares Held %
Roberttown Ironworks Limited	248,074	128,281	(3,252)	100
Leyden Precision Engineering Limited	101,369	9,090	(29,648)	100
A & J Ekstroms Limited	150	(120,900)	(129,412)	75
	<u>349,593</u>	<u>16,471</u>	<u>(162,312)</u>	

The above companies are registered and operate in the United Kingdom.

The principal activities of the companies are:

Roberttown Ironworks Limited	Non Trading
Leyden Precision Engineering Limited	Manufacture of Gearing and Power Couplings
A. & J. Ekstrom Limited	Design and Manufacture of Heat Exchanges

A. & J. FABECH LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 28TH FEBRUARY 2014

10. STOCK AND WORK IN PROGRESS

	The Group		The Company	
	2014	2013	2014	2013
	£	£	£	£
Raw Materials	57,723	24,396	20,970	24,396
Work in Progress	204,911	722,088	182,536	352,694
Finished Goods	46,826	43,515	-	-
	<u>309,460</u>	<u>789,999</u>	<u>203,506</u>	<u>377,090</u>

The directors believe the replacement cost of stock at the balance sheet date is not materially different from the amount shown above.

11. DEBTORS

	The Group		The Company	
	2014	2013	2014	2013
	£	£	£	£
Trade Debtors	664,976	637,289	207,985	26,582
<u>Less: Debt Financing Advances</u>	<u>(180,094)</u>	<u>(154,854)</u>	<u>-</u>	<u>-</u>
	484,882	482,435	207,985	26,582
Amount Owed by Group Companies	-	-	383,586	620,482
Amount Owed by Related Companies	36,838	203,733	35,160	201,378
Overdrawn Director's Loan	75	-	75	-
Corporation Tax Recoverable	7,566	7,566	-	-
Other Debtors	15,675	2,154	-	2,154
Prepayments and Accrued Income	80,850	142,093	68,951	91,405
	<u>625,886</u>	<u>837,981</u>	<u>695,757</u>	<u>942,001</u>

The debt financing advance is secured by a charge on the book debts of the group.

The overdrawn director's loan is made up as follows

	At 1st May 2013	Amounts Advanced	Amounts Repaid	At 28th February 2014
	£	£	£	£
Shaun M. Daniels	-	75	-	75
	<u>-</u>	<u>75</u>	<u>-</u>	<u>75</u>

The above loans are unsecured, interest free and repayable on demand.

A. & J. FABECH LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 28TH FEBRUARY 2014

12. CREDITORS: Amounts Falling Due Within

One Year	The Group		The Company	
	2014	2013	2014	2013
	£	£	£	£
Bank Loan and Overdraft	473,881	412,858	419,399	356,893
Trade Creditors	775,109	505,392	583,808	379,968
Amount Owed by Group Companies	-	-	34,778	34,778
Obligations Under Finance Leases and				
Hire Purchase Contracts	77,999	78,920	7,031	3,133
Other Taxes and Social Security	135,355	139,902	71,635	228,091
Corporation Tax	-	-	-	-
Directors' Loans	81,429	243,156	81,429	243,156
Other Creditors	348,490	158,464	344,587	158,464
Accruals and Deferred Income	77,792	342,684	52,055	48,892
	<u>1,970,055</u>	<u>1,881,376</u>	<u>1,594,722</u>	<u>1,453,375</u>

13. CREDITORS: Amounts Falling Due
After More Than One Year

	The Group		The Company	
	2014	2013	2014	2013
	£	£	£	£
Bank Loan	487,066	765,476	438,000	711,841
Directors' Loans	819,070	287,345	819,070	287,345
Obligations Under Finance Leases and				
Hire Purchase Contracts	106,859	96,917	12,754	7,570
	<u>1,412,995</u>	<u>1,149,738</u>	<u>1,269,824</u>	<u>1,006,756</u>

Analysis of Borrowings Under Bank Loans:

	The Group		The Company	
	2014	2013	2014	2013
	£	£	£	£
Due Within One Year	55,461	26,878	49,000	20,417
Due Between One and Two Years	55,461	55,461	49,000	49,000
Due Between Two and Five Years	166,383	166,383	147,000	147,000
Due After Five Years or More	265,224	543,631	242,000	515,841
	<u>545,529</u>	<u>835,868</u>	<u>487,000</u>	<u>732,258</u>

A. & J. FABECH LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 28TH FEBRUARY 2014

13. CREDITORS: Amounts Falling Due After
More Than One Year (continued)

	The Group		The Company	
	2014	2013	2014	2013
	£	£	£	£
Total Amount Falling Due After Five Years Not Repayable by Instalments	-	-	-	-
Total Amount Repayable by Instalments Which Fall Due For Payment After Five Years	265,224	543,631	242,000	515,841
	<u>265,224</u>	<u>543,631</u>	<u>242,000</u>	<u>515,841</u>

Interest on the bank loans which are repayable by instalments, are charged at a commercial rate of interest. The bank loan and overdraft are secured by a charge on the group and company's assets.

Obligations Under Finance Leases and Hire

Purchase Contracts:

	The Group		The Company	
	2014	2013	2014	2013
	£	£	£	£
Due Within One Year	89,687	90,584	8,685	3,732
Due Between One and Five Years	119,753	109,873	15,192	9,018
Due After Five Years or More	-	-	-	-
	<u>209,440</u>	<u>200,457</u>	<u>23,877</u>	<u>12,750</u>
<u>Less:</u>				
Finance Charges Allocated to Future Years	<u>(24,582)</u>	<u>(24,620)</u>	<u>(4,092)</u>	<u>(2,047)</u>
	<u>184,858</u>	<u>175,837</u>	<u>19,785</u>	<u>10,703</u>

The obligations under finance leases and hire purchase contracts are secured by a charge on the assets purchased under these agreements.

A. & J. FABECH LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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14. PROVISIONS FOR LIABILITIES

	The Group		The Company	
	2014	2013	2014	2013
	£	£	£	£
<u>Provision for Deferred Taxation:</u>				
At 1st March 2013	21,453	57,401	11,631	23,546
Amount Transferred to or from the Profit and Loss Account in the Year	(18,783)	(35,948)	(11,631)	(11,915)
At 28th February 2014	<u>2,670</u>	<u>21,453</u>	<u>-</u>	<u>11,631</u>

A provision for deferred taxation has been made in these financial statements as above. The amount provided is made up as follows:

	The Group		The Company	
	2014	2013	2014	2013
	£	£	£	£
Accelerated Capital Allowances	81,559	64,714	32,781	31,330
<u>Less: Unrelieved Tax Losses</u>	<u>(78,889)</u>	<u>(43,261)</u>	<u>(32,781)</u>	<u>(19,699)</u>
	<u>2,670</u>	<u>21,453</u>	<u>-</u>	<u>11,631</u>

15. CALLED UP SHARE CAPITAL

		<u>Allotted and Fully Paid</u>
	2014	2013
	£	£
<u>Equity Shares:</u>		
Ordinary Shares of £1 each	<u>285</u>	<u>285</u>

A. & J. FABECH LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 28TH FEBRUARY 2014

16. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS FUNDS

	The Group		The Company	
	2014	2013	2014	2013
	£	£	£	£
Profit/(Loss) for the Financial Year	(1,011,240)	21,397	(871,673)	206,683
Dividends	-	-	-	-
Net Addition/(Reduction) to Shareholders Funds	(1,011,240)	21,397	(871,673)	206,683
Shareholders Funds as at 1st March 2013	1,992,659	1,971,262	2,118,731	1,912,048
Shareholders Funds as at 28th February 2014	981,419	1,992,659	1,247,058	2,118,731

17. RESERVES

	<u>Profit and Loss Account</u>			
	The Group		The Company	
	2014	2013	2014	2013
	£	£	£	£
At 1st March 2013	1,978,229	1,956,454	2,117,931	1,911,248
Profit/(Loss) for the Year	(1,011,240)	21,397	(871,673)	206,683
Dividends on Ordinary Shares Paid in the Year	-	-	-	-
Realisation of Revaluation Reserve	378	378	-	-
At 28th February 2014	967,367	1,978,229	1,246,258	2,117,931

	<u>Revaluation Account</u>			
	The Group		The Company	
	2014	2013	2014	2013
	£	£	£	£
At 1st March 2013	13,630	14,008	-	-
Realisation of Revaluation Reserve	(378)	(378)	-	-
At 28th February 2014	13,252	13,630	-	-

A. & J. FABECH LIMITED
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18. OPERATING LEASES

At 28th February 2014 the group was committed to making the following payments during the next year in respect of operating leases:

	<u>Land and Buildings</u>	<u>Other</u>
	£	£
<u>Leases Which Expire:</u>		
Within One Year	-	5,428
Between One to Five Years	5,536	35,147
After Five Years	-	8,304
	<u>5,536</u>	<u>48,879</u>

19. PENSION COMMITMENTS

The assets of the pension scheme are held separately from those of the group in an independently administered fund. The pension cost represents contributions payable by the group to the fund and amounted to £37,251 (2013 : £38,606). Contributions totalling £3,093 (2013 : £2,515) were payable at the year end and are included in creditors.

20. PROFIT OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's loss for the financial year amounted to £871,673 (2013 profit: £206,683).

21. RELATED PARTY TRANSACTIONS

Debtors includes the following overdrawn director's loan:

Name	The Group		The Company	
	2014	2013	2014	2013
		£	£	£
Shaun M. Daniels	75	-	75	-
	<u>75</u>	<u>-</u>	<u>75</u>	<u>-</u>

A. & J. FABECH LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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21. RELATED PARTY TRANSACTIONS (continued)

Creditors includes the following directors and shareholder loans:

Name	The Group		The Company	
	2014	2013	2014	2013
			£	£
Alan D. Wright	826,925	456,926	826,925	456,926
Mark A. Wright	73,574	73,575	73,574	73,575
Amanda Falsey	155,672	158,464	155,672	158,464
	<u>1,056,171</u>	<u>688,965</u>	<u>1,056,171</u>	<u>688,965</u>

Mrs Amanda Falsey who controls 35% of the share capital of the company, and is the daughter of its director, Mr. Alan D. Wright, is also a director and the controlling shareholder of AWA Consultancy Services Limited, who provide bookkeeping and financial services to the group. During the year ended 28th February 2014, AWA Consultancy Services Limited was paid £51,400 (2013: £52,600) for its services.

Mr. Mark A. Wright, Mr. Alan Wright and Mr. Shaun M. Daniels, directors of A. & J. Fabtech Limited are also directors and each control 20% of the share capital in A. & J. Water Treatment Limited.

A further 20% of the share capital of A. & J. Water Treatment Limited is held by Mrs. Amanda Falsey, shareholder in A. & J. Fabtech Limited and daughter of the director, Mr. Alan D. Wright.

During the year ended 28th February 2014, the following transactions took place between The Group and A. & J. Water Treatment Limited:

1. The Group provided subcontract labour to a value of £293,475 (2013: £585,007).
2. The Group provided office space and received rentals amounting to £Nil (2013: £15,000).
3. The Group provided management and administrative support and recharged expenses to A. & J. Water Treatment for £142,471 (2013: £50,000) for its services.

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21. RELATED PARTY TRANSACTIONS (continued)

Mr. Shaun M. Daniels also operates a non-incorporated business trading as Peak HiFi. During the year ended 28th February 2014 the group sold goods to Peak HiFi with a value of £6,056 (2013: £11,307)

Debtors includes the following amounts owed by related parties:

<u>Name</u>	<u>2014</u>	<u>2013</u>
	£	£
A. & J. Water Treatment Limited	35,160	201,378
S. Daniels T/A Peak HiFi	1,678	2,355
	<u>36,838</u>	<u>203,733</u>