

Company No. 01202760

A. & J. FABTECH LIMITED
CONSOLIDATED REPORT
AND FINANCIAL STATEMENTS
YEAR ENDED 28TH FEBRUARY 2015



WALTER DAWSON & SON

CHARTERED ACCOUNTANTS & STATUTORY AUDITOR

7 Wellington Road East
Dewsbury
West Yorkshire
WF13 1HF

TUESDAY



A12 *A4F0DBG1*
01/09/2015 #295
COMPANIES HOUSE

A. & J. FABTECH LIMITED
CONSOLIDATED REPORT AND FINANCIAL
STATEMENTS

<u>Contents</u>	<u>Page</u>
Directors' Report	1 - 2.
Strategic Report	3 - 4.
Independent Auditor's Report	5 - 6.
Profit and Loss Account	7.
Balance Sheets	8 - 9.
Cash Flow Statement	10 - 13.
Notes to the Financial Statements	14 - 31.

A. & J. FABTECH LIMITED
DIRECTORS' REPORT

The directors present their annual report and audited financial statements for the year ended 28th February 2015.

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 2015 are shown in the profit and loss account on page 7. 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 2015</u>	<u>1st March 2014</u>
Shaun M. Daniels (Resigned 18th May 2015)	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 LIMITED
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

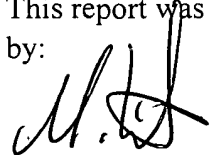
The directors of the company who held office at the date of approval of this Annual Report each confirm that:

- (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 13th July 2015 and signed on its behalf by:



Mark A. Wright DIRECTOR

A. & J. FABTECH LIMITED
STRATEGIC REPORT

The directors present their strategic report for the year ended 28th February 2015.

1. Objectives and Activities

- Continue to develop our long term strategic plan and work closely with our strategic consultant.
- To increase growth in our identified product areas and develop new higher value offerings, into existing and new markets.
- Continue to improve our internal processes and develop our team, in order to manage growth effectively.
- Develop a sales and marketing strategy.

2. Achievements and Performance

- Year ended February 2015 was a disappointing year, as we carried forward a number of toxic contracts into the first 4 months of the year, which contributed to £200k of the loss we suffered.
- February 2015 was a year of change and we have worked closely with our strategic consultant to turn the business around. We have developed our short to midterm strategic plan, have undergone a restructuring process, which has resulted in overhead savings of 25% and this has lowered our breakeven level to £2.2m from £3.4m. This is having a positive effect on profitability and cash flow as the order book grows.
- We have built a strong management team, which gives us a strong grounding, to move the business forward, into new product areas and markets.
- The pressure part side of the business is very cyclical and has fallen due to the lack of growth in the market place. There is a lot more activity this year for estimating, but a lot of the jobs are planned for next year. We have started to develop a sales strategy for this area of the business.
- We are 4 months into the new year and have seen a dramatic improvement over 2015, with our internal management systems, order book, employee development and cash flow. Our forecasted profit and loss is showing a profit for February 2016 results.

A. & J. FABTECH LIMITED
STRATEGIC REPORT (continued)

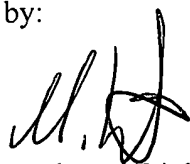
3. Financial Review

- The company has sustained losses this year, due to a number of toxic contracts being carried over from last year, which attributed £200k of the loss.
- We also found that the market slowed considerably for the first quarter of the calendar year in 2015, due to the uncertainty over the general election. Although our level of enquiries was up, our customers were holding off placing orders until the start of the new tax year, and the results of the general election. Following this, our number of enquiries have continued to increase and turn into orders.
- The shareholders of the business have continued to provide financial support, to fully fund the losses for the last 2 years and continue to support the company through the period of restructuring, changes and entries into new markets.

4. Future Prospects

- The strategic plan for the company is well underway, with the 5 year plan of restructuring and development into new markets. We are currently developing the sales and marketing strategy on the back of this plan.
- Internally there is strength in the management team, who are focusing on driving the business forward and improving all internal processes.
- We are working together with all our employees to develop a personal development plan going forward.
- Substantial growth is expected for 2016 and the directors expect a modest profit by February 2016, with prospects for 2017 showing further sales growth and further growth in profitability, as the impact of the restructuring and business development activities come through to the bottom line.

This report was approved by the Board of Directors on 13th July 2015 and signed on its behalf by:



Mark A. Wright

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 2015 on pages 7 to 31. 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 2015 and of the group's loss for the year then ended;
- (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.

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

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

13th July 2015

A. & J. FABTECH LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 28TH FEBRUARY 2015

		<u>2015</u>	<u>2014</u>
	<u>Note</u>	£	£
<u>TURNOVER</u>	2	3,941,316	2,795,785
Cost of Sales		(2,997,108)	(2,720,976)
<u>GROSS PROFIT</u>		<u>944,208</u>	<u>74,809</u>
Distribution Costs		266,423	309,949
Administrative Expenses		<u>830,522</u>	<u>741,172</u>
		(1,096,945)	(1,051,121)
<u>OPERATING LOSS</u>		<u>(152,737)</u>	<u>(976,312)</u>
Interest Receivable and Similar Income		4,500	-
Finance Costs	4	(78,218)	(86,064)
<u>LOSS ON ORDINARY</u> <u>ACTIVITIES BEFORE TAXATION</u>	5	(226,455)	(1,062,376)
Tax on Loss on Ordinary Activities	6	825	18,783
<u>LOSS FOR THE FINANCIAL</u> <u>YEAR on Ordinary Activities After</u> <u>Taxation</u>		(225,630)	(1,043,593)
Minority Interests		<u>(18,963)</u>	<u>32,353</u>
<u>LOSS FOR THE FINANCIAL</u> <u>YEAR Attributable to the Group</u>	17	<u>(244,593)</u>	<u>(1,011,240)</u>

In each of the above years, the only loss recognised by the group was the loss for the year. All of the activities undertaken by the group were continuing activities, and the reported loss was found under the historical cost convention.

A. & J. FABTECH LIMITED

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 28TH FEBRUARY 2015

	<u>2015</u>	<u>2014</u>
	£	£
Loss for the Financial Year	(225,630)	(1,043,593)
Unrealised Surplus on Revaluation of Plant and Machinery	59,289	-
	<u>(166,341)</u>	<u>(1,043,593)</u>

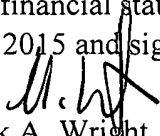
NOTE OF HISTORICAL COST PROFITS AND LOSSES

	<u>2015</u>	<u>2014</u>
	£	£
Reported Loss on Ordinary Activities Before Taxation	(226,455)	(1,062,376)
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 Loss on Ordinary Activities Before Taxation	<u>(226,077)</u>	<u>(1,061,998)</u>
Historical Cost Loss for the Year Retained after Taxation, Minority Interest, Extraordinary Items and Dividends	<u>(244,215)</u>	<u>(1,010,862)</u>

A. & J. FABTECH LIMITED
CONSOLIDATED BALANCE SHEET AS AT 28TH FEBRUARY 2015

		<u>2015</u>	<u>2014</u>
	<u>Note</u>	£	£
<u>FIXED ASSETS</u>			
Intangible Assets	7	27,500	37,373
Tangible Assets	8	<u>3,338,883</u>	<u>3,363,888</u>
		3,366,383	3,401,261
<u>CURRENT ASSETS</u>			
Stock	10	362,799	309,460
Debtors	11	552,354	625,886
Cash at Bank and in Hand		<u>25,512</u>	<u>357</u>
		940,665	935,703
<u>CREDITORS: Amounts Falling Due Within One Year</u>	12	<u>(1,808,187)</u>	<u>(1,970,055)</u>
<u>NET CURRENT LIABILITIES</u>		<u>(867,522)</u>	<u>(1,034,352)</u>
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		2,498,861	2,366,909
<u>CREDITORS: Amounts Falling Due After More Than One Year</u>	13	(1,712,114)	(1,412,995)
<u>PROVISION FOR LIABILITIES</u>			
Deferred Taxation	14	<u>(1,845)</u>	<u>(2,670)</u>
		<u>784,902</u>	<u>951,244</u>
<u>CAPITAL AND RESERVES</u>			
Called Up Equity Share Capital	15	285	285
Capital Redemption Reserve		515	515
Revaluation Reserve	17	72,163	13,252
Profit and Loss Account	17	<u>723,152</u>	<u>967,367</u>
		796,115	981,419
<u>SHAREHOLDERS' FUNDS</u>			
Minority Interests		<u>(11,213)</u>	<u>(30,175)</u>
		<u>784,902</u>	<u>951,244</u>

The financial statements were approved and authorised for issue by the Board of Directors on 13th July 2015 and signed on their behalf by:

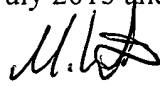

Mark A. Wright

Alan D. Wright DIRECTORS

A. & J. FABTECH LIMITED
BALANCE SHEET AS AT 28TH FEBRUARY 2015

		<u>2015</u>		<u>2014</u>	
	<u>Note</u>	£	£	£	£
<u>FIXED ASSETS</u>					
Intangible Assets	7		-		265
Tangible Assets	8		2,825,032		2,862,183
Investment in Subsidiaries	9		248,225		349,593
			<u>3,073,257</u>		<u>3,212,041</u>
<u>CURRENT ASSETS</u>					
Stock	10	215,424		203,506	
Debtors	11	655,340		695,757	
Cash at Bank and in Hand		139		300	
		<u>870,903</u>		<u>899,563</u>	
<u>CREDITORS: Amounts Falling Due Within One Year</u>	12	<u>(1,335,401)</u>		<u>(1,594,722)</u>	
<u>NET CURRENT LIABILITIES</u>			<u>(464,498)</u>		<u>(695,159)</u>
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>			2,608,759		2,516,882
<u>CREDITORS: Amounts Falling Due After More Than One Year</u>	13		(1,647,894)		(1,269,824)
<u>PROVISION FOR LIABILITIES</u>					
Deferred Taxation	14		-		-
			<u>960,865</u>		<u>1,247,058</u>
<u>CAPITAL AND RESERVES</u>					
Called Up Share Capital	15		285		285
Capital Redemption Reserve			515		515
Profit and Loss Account	17		960,065		1,246,258
<u>SHAREHOLDERS' FUNDS</u>			<u>960,865</u>		<u>1,247,058</u>

The financial statements were approved and authorised for issue by the Board of Directors on 13th July 2015 and signed on their behalf by:


Mark A. Wright
Alan D. Wright DIRECTORS

A. & J. FABTECH LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 28TH FEBRUARY 2015

		<u>2015</u>	<u>2014</u>
	<u>Note</u>	£	£
<u>CASH FLOW FROM</u>			
<u>OPERATING ACTIVITIES</u>	1	290,738	460,197
<u>RETURNS ON INVESTMENTS</u>			
<u>AND SERVICING OF FINANCE</u>	2	(78,218)	(86,064)
<u>TAXATION</u>		-	-
<u>CAPITAL EXPENDITURE AND</u>			
<u>FINANCIAL INVESTMENTS</u>	2	(75,552)	(165,874)
<u>EQUITY DIVIDENDS PAID</u>		-	-
<u>CASH INFLOW BEFORE FINANCING</u>		136,968	208,259
<u>FINANCING</u>			
Issue of Shares		-	-
Decrease in Debt	2	(4,099)	(240,806)
		(4,099)	(240,806)
<u>INCREASE/(DECREASE) IN CASH</u>		<u>132,869</u>	<u>(32,547)</u>

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

		<u>2015</u>	<u>2014</u>
		£	£
<u>INCREASE/(DECREASE) IN CASH</u>		132,869	(32,547)
Cash Outflow from Movement in Debt and Hire Purchase Contracts and Lease Financing		<u>51,176</u>	<u>360,371</u>
<u>CHANGE IN NET DEBT RESULTING</u>			
<u>FROM CASH FLOWS</u>		184,045	327,824
New Hire Purchase Contracts and Finance Leases		<u>(47,077)</u>	<u>(119,565)</u>
<u>MOVEMENT IN NET DEBT</u>		136,968	208,259
Net Debt at 1st March 2014		(1,145,448)	(1,353,707)
Net Debt at 28th February 2015		<u>(1,008,480)</u>	<u>(1,145,448)</u>

A. & J. FABTECH LIMITED
NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 28TH FEBRUARY 2015

1. Reconciliation of Operating Loss to Operating Cash Flows

	<u>2015</u>	<u>2014</u>
	£	£
Operating Loss	(152,737)	(976,312)
Revaluation Impairment	33,501	-
Depreciation and Amortisation	121,721	178,528
Loss on Sale of Fixed Assets and Investments	14,496	5,045
(Increase)/Decrease in Stocks	(53,339)	480,539
Decrease in Debtors	73,532	212,095
Increase in Creditors	249,064	560,302
Grant Received	4,500	-
<u>Net Cash Inflow from Operating Activities</u>	<u>290,738</u>	<u>460,197</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>2015</u>	<u>2014</u>
	£	£
Interest Paid	(64,628)	(72,946)
Interest Element of Hire Purchase Contracts and Finance Lease Payments	<u>(13,590)</u>	<u>(13,118)</u>
<u>Net Cash Outflow for Returns on Investments and Servicing of Finance</u>	<u>(78,218)</u>	<u>(86,064)</u>
(ii) <u>Capital Expenditure and Financial Investment</u>	<u>2015</u>	<u>2014</u>
	£	£
Purchase of Tangible Fixed Assets	(75,552)	(171,222)
Sale of Tangible Fixed Assets	-	5,348
<u>Net Cash Outflow for Capital Expenditure and Financial Investment</u>	<u>(75,552)</u>	<u>(165,874)</u>

A. & J. FABTECH LIMITED
NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 28TH FEBRUARY 2015

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

(iii) <u>Financing</u>	<u>2015</u>	<u>2014</u>
	£	£
Issue of Ordinary Share Capital	-	-
Debt Due Within One Year:		
New Bank Loans Obtained	-	-
Repayment of Bank Loans	30,613	28,583
Debt Due Beyond One Year:		
New Bank Loans Obtained	-	-
Repayment of Bank Loans	6,592	(278,410)
Capital Element of Hire Purchase Contracts and Finance Lease Payments	(41,304)	9,021
<u>Net Cash Outflow from Financing</u>	<u>(4,099)</u>	<u>(240,806)</u>

3. Analysis of Net Debt

	At 1st March 2014	Cashflows	Other Non Cash Changes	At 28th February 2015
	£	£	£	£
Cash at Bank and in Hand	357	25,155		25,512
Bank Overdraft	(418,420)	107,714		(310,706)
		132,869		
Bank Loans Due After One Year	(487,066)	(6,592)		(493,658)
Bank Loans Due Within One Year	(55,461)	(30,613)		(86,074)
Hire Purchase Contracts and Finance Leases	(184,858)	88,381	(47,077)	(143,554)
		51,176		
<u>Total</u>	<u>(1,145,448)</u>	<u>184,045</u>	<u>(47,077)</u>	<u>(1,008,480)</u>

A. J. FABTECH LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 28TH FEBRUARY 2015

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 the freehold land and buildings as well as the plant and machinery are included at their 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 on cost or valuation
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.

A. J. FABTECH LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 28TH FEBRUARY 2015

1. ACCOUNTING POLICIES (continued)

(e). Leases and Hire Purchase Contracts (continued)

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

(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 2015.

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.

A. J. FABTECH LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 28TH FEBRUARY 2015

2. TURNOVER

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

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

The geographical analysis of turnover is as follows:

	<u>2015</u>	<u>2014</u>
	£	£
United Kingdom	3,858,016	2,558,911
Europe	68,135	215,160
The Far East	15,165	21,714
	<u>3,941,316</u>	<u>2,795,785</u>

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	<u>2015</u>	<u>2014</u>
	£	£
<u>Directors' Remuneration:</u>		
Salary	90,154	91,554
Benefits in Kind	10,479	10,479
	<u>100,633</u>	<u>102,033</u>
Pension Contributions Under A Money Purchase Scheme	11,560	12,453
	<u>112,193</u>	<u>114,486</u>

Number of Directors for Whom Pension

Benefits Are Accrued Under:

A Defined Benefit Scheme
A Money Purchase Scheme

<u>No.</u>	<u>No.</u>
-	-
3	3
<u>3</u>	<u>3</u>

Highest Paid Director:

	<u>2015</u>	<u>2014</u>
	£	£
Remuneration	85,894	85,679
Defined Benefit Pension Scheme:		
Accrued Pension	-	-
Accrued Lump Sum	-	-
	<u>85,894</u>	<u>85,679</u>

A. J. FABTECH LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 28TH FEBRUARY 2015

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)

<u>Employee Costs During the Year:</u>	<u>2015</u>	<u>2014</u>
	£	£
Wages and Salaries	1,653,428	1,527,139
Social Security Costs	162,460	148,737
Other Pension Costs	46,599	37,251
	<u>1,862,487</u>	<u>1,713,127</u>
 <u>Average Number of Persons Employed:</u>	 <u>No.</u>	 <u>No.</u>
Distribution and Selling	7	7
Production	34	32
Administration	12	12
	<u>53</u>	<u>51</u>

4. <u>FINANCE COSTS</u>	<u>2015</u>	<u>2014</u>
	£	£
Interest on Bank Overdrafts	17,180	13,667
Interest Payable and Issue Costs on Loans	47,448	57,719
Other Interest	-	1,560
Finance Charges on Finance Leases and Hire Purchase Contracts	13,590	13,118
	<u>78,218</u>	<u>86,064</u>

A. J. FABTECH LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 28TH FEBRUARY 2015

5. LOSS ON ORDINARY ACTIVITIES

BEFORE TAXATION

	<u>2015</u>	<u>2014</u>
	£	£
<u>Loss on Ordinary Activities before</u>		
<u>Taxation is After Charging:</u>		
Amortisation	9,873	9,873
Depreciation	111,848	168,655
Revaluation Impairment	33,501	-
Loss on Sale of Fixed Assets	14,496	5,045
Auditor's Remuneration:		
Audit Work	8,239	7,908
Taxation	-	-
Other Services	-	3,000
Rentals Under Operating Leases:		
Hire of Plant and Machinery	60,524	66,721
Other Operating Leases	<u>5,536</u>	<u>7,024</u>

6. TAX ON LOSS ON ORDINARY ACTIVITIES

	<u>2015</u>	<u>2014</u>
	£	£
<u>Current Tax:</u>		
UK Corporation Tax on the Loss for the Year	-	-
<u>Deferred Taxation:</u>		
Origination and Reversal of Timing Differences	(825)	(18,783)
	<u>(825)</u>	<u>(18,783)</u>

The group has corporation tax losses of £1,534,388 (2014: £1,367,037) to carry forward against future trading profits.

A. J. FABTECH LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 28TH FEBRUARY 2015

6. TAX ON LOSS ON ORDINARY ACTIVITIES (continued)

The tax assessed for the year is higher (2014 : higher) than the standard rate of corporation tax in the UK of 20% (2014 : 20%). The differences are explained as follows:

	<u>2015</u>	<u>2014</u>
	<u>£</u>	<u>£</u>
Loss on Ordinary Activities before Tax	<u>(226,455)</u>	<u>(1,062,376)</u>
Loss on Ordinary Activities Multiplied by Standard Rate of Corporation Tax in the UK of 20% (2014 : 20%)	(45,291)	(212,475)
<u>Effects of:</u>		
Expenses not Deductible for Tax Purposes	384	2,991
Depreciation for Year in Excess of Capital Allowances	11,436	(7,165)
Non-Utilisation of Tax Losses	33,471	216,649
Current Tax Charge for Year	<u>-</u>	<u>-</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.

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 (2014 : £2,726). At present, it is not envisaged that any tax will become payable in the foreseeable future.

A. J. FABTECH LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 28TH FEBRUARY 2015

7. INTANGIBLE FIXED ASSETS

(i). The Group

	<u>Goodwill</u> £	<u>Total</u> £
<u>Cost:</u>		
At 1st March 2014	192,163	192,163
Additions	-	-
At 28th February 2015	<u>192,163</u>	<u>192,163</u>
<u>Amortisation:</u>		
At 1st March 2014	154,790	154,790
Charge for Year	9,873	9,873
At 28th February 2015	<u>164,663</u>	<u>164,663</u>
<u>Net Book Value:</u>		
At 28th February 2015	<u>27,500</u>	<u>27,500</u>
At 28th February 2014	<u>37,373</u>	<u>37,373</u>

(ii). The Company

	<u>Goodwill</u> £	<u>Total</u> £
<u>Cost:</u>		
At 1st March 2014	5,300	5,300
Additions	-	-
At 28th February 2015	<u>5,300</u>	<u>5,300</u>
<u>Amortisation:</u>		
At 1st March 2014	5,035	5,035
Charge for Year	265	265
At 28th February 2015	<u>5,300</u>	<u>5,300</u>
<u>Net Book Value:</u>		
At 28th February 2015	<u>-</u>	<u>-</u>
At 28th February 2014	<u>265</u>	<u>265</u>

A. J. FABTECH LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 28TH FEBRUARY 2015

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 2014	3,022,768	20,865	1,330,195	146,031	4,519,859
Additions	1,215	-	72,680	1,657	75,552
Disposals	-	-	(258,561)	(21,882)	(280,443)
Revaluation	-	-	(248,496)	-	(248,496)
At 28th February 2015	<u>3,023,983</u>	<u>20,865</u>	<u>895,818</u>	<u>125,806</u>	<u>4,066,472</u>
<u>Depreciation:</u>					
At 1st March 2014	274,750	7,081	795,432	78,708	1,155,971
Disposals	-	-	(249,978)	(15,969)	(265,947)
Charge for Year	50,458	4,241	38,694	18,455	111,848
Revaluation	-	-	(274,283)	-	(274,283)
At 28th February 2015	<u>325,208</u>	<u>11,322</u>	<u>309,865</u>	<u>81,194</u>	<u>727,589</u>
<u>Net Book Value:</u>					
At 28th February 2015	<u>2,698,775</u>	<u>9,543</u>	<u>585,953</u>	<u>44,612</u>	<u>3,338,883</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>

The net book value of tangible fixed assets includes £269,363 (2014 : £256,512) in respect of assets held under hire purchase contracts and finance leases. The depreciation charge for the year on those assets amounted to £10,296 (2014 : £50,747). The impairment and upward revaluation on these assets in the year were £10,417 and £21,953 respectively (2014: £Nil and £Nil).

Included in freehold land and buildings is £584,226 (2014 : £584,226) relating to land which is not depreciated.

The historical cost of the freehold land and buildings included above at a valuation of £3,023,983 (2014: £3,022,768) was £3,005,061 (2014 : £3,003,846) and the aggregate depreciation thereon would have been £316,923 (2014 : £270,249).

A revaluation of the plant and machinery was made in Leyden Precision Engineering Limited by its director, Mike Robinson on a market value basis. The original cost of plant and machinery included above at a valuation of £352,793 was £601,289. The aggregate depreciation thereon would have been £329,690 (2014: £274,283).

A. J. FABTECH LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 28TH FEBRUARY 2015

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 2014	2,835,550	20,865	469,555	91,473	3,417,443
Additions	1,215	-	58,681	1,305	61,201
At 28th February 2015	<u>2,836,765</u>	<u>20,865</u>	<u>528,236</u>	<u>92,778</u>	<u>3,478,644</u>
<u>Depreciation:</u>					
At 1st March 2014	234,764	7,081	260,437	52,978	555,260
Charge for Year	45,082	4,241	36,453	12,576	98,352
At 28th February 2015	<u>279,846</u>	<u>11,322</u>	<u>296,890</u>	<u>65,554</u>	<u>653,612</u>
<u>Net Book Value:</u>					
At 28th February 2015	<u>2,556,919</u>	<u>9,543</u>	<u>231,346</u>	<u>27,224</u>	<u>2,825,032</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>

The net book value of tangible fixed assets includes £40,981 (2014 : £20,999) in respect of assets held under hire purchase contracts and finance leases. The depreciation charge for the year on those assets amounted to £10,296 (2014 : £5,586).

Included in freehold land and buildings is £570,226 (2014: £570,226) relating to land which is not depreciated.

A. J. FABTECH LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 28TH FEBRUARY 2015

9. INVESTMENT IN SUBSIDIARIES

	Investment in Subsidiaries £	Total £
<u>Cost:</u>		
At 1st March 2014	349,593	349,593
Additions	-	-
At 28th February 2015	<u>349,593</u>	<u>349,593</u>
<u>Provisions:</u>		
At 1st March 2014	-	-
Charge for Year	101,368	101,368
At 28th February 2015	<u>101,368</u>	<u>101,368</u>
<u>Net Book Value:</u>		
At 28th February 2015	<u>248,225</u>	<u>248,225</u>
At 28th February 2014	<u>349,593</u>	<u>349,593</u>

The following are the subsidiaries of the company:

	Cost £	Capital and Reserves £	Profit/(Loss) for Year £	Portion of Ordinary Shares Held %
Roberttown Ironworks Limited	248,074	73,282	45,001	100
Leyden Precision Engineering Limited	101,369	16,330	(52,048)	100
A & J Ekstroms Limited	150	(44,850)	75,850	75
	<u>349,593</u>	<u>44,762</u>	<u>68,803</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. FABTECH LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 28TH FEBRUARY 2015

10. STOCK AND WORK IN PROGRESS

	The Group		The Company	
	2015	2014	2015	2014
	£	£	£	£
Raw Materials	32,723	57,723	20,970	20,970
Work in Progress	281,413	204,911	194,454	182,536
Finished Goods	48,663	46,826	-	-
	<u>362,799</u>	<u>309,460</u>	<u>215,424</u>	<u>203,506</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	
	2015	2014	2015	2014
	£	£	£	£
Trade Debtors	640,016	664,976	329,202	207,985
<u>Less: Debt Financing Advances</u>	<u>(176,679)</u>	<u>(180,094)</u>	-	-
	463,337	484,882	329,202	207,985
Amount Owed by Group Companies	-	-	251,198	383,586
Amount Owed by Related Companies	-	36,838	-	35,160
Overdrawn Director's Loan	-	75	-	75
Corporation Tax Recoverable	7,566	7,566	-	-
Other Debtors	--	15,675	-	-
Prepayments and Accrued Income	81,451	80,850	74,940	68,951
	<u>552,354</u>	<u>625,886</u>	<u>655,340</u>	<u>695,757</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 2014	Amounts Advanced	Amounts Repaid	At 28th February 2015
	£	£	£	£
Shaun M. Daniels	75	-	(75)	-
	<u>75</u>	<u>-</u>	<u>(75)</u>	<u>-</u>

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

A. J. FABTECH LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 28TH FEBRUARY 2015

12. CREDITORS: Amounts Falling Due Within
One Year

	The Group		The Company	
	2015	2014	2015	2014
	£	£	£	£
Bank Loan and Overdraft	396,780	473,881	345,966	419,399
Trade Creditors	593,807	775,109	370,340	583,808
Amount Owed by Group Companies	-	-	--	34,778
Obligations Under Finance Leases and Hire Purchase Contracts	53,568	77,999	12,046	7,031
Other Taxes and Social Security	347,646	135,355	268,325	71,635
Directors' Loans	74,139	81,429	74,139	81,429
Other Creditors	218,112	348,490	218,112	344,587
Accruals and Deferred Income	124,135	77,792	46,473	52,055
	<u>1,808,187</u>	<u>1,970,055</u>	<u>1,335,401</u>	<u>1,594,722</u>

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

	The Group		The Company	
	2015	2014	2015	2014
	£	£	£	£
Bank Loan	493,658	487,066	493,658	438,000
Obligations Under Finance Leases and Hire Purchase Contracts	89,986	106,859	25,766	12,754
Directors' Loans	1,128,470	819,070	1,128,470	819,070
	<u>1,712,114</u>	<u>1,412,995</u>	<u>1,647,894</u>	<u>1,269,824</u>

Analysis of Borrowings Under Bank Loans:

	The Group		2015	2014
	2015	2014	2015	2014
	£	£	£	£
Due Within One Year	86,074	55,461	35,260	49,000
Due Between One and Two Years	35,260	55,461	35,260	49,000
Due Between Two and Five Years	105,780	166,383	105,780	147,000
Due After Five Years or More	352,618	265,224	352,618	242,000
	<u>579,732</u>	<u>542,529</u>	<u>528,918</u>	<u>487,000</u>

A. J. FABTECH LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 28TH FEBRUARY 2015

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

	The Group		The Company	
	2015	2014	2015	2014
	£	£	£	£
Total Amount Falling Due After Five Years Not Repayable by Instalments	-	-	-	-
Total Amount Repayable by Instalments Which Fall Due For Payment After Five Years	352,618	265,224	352,618	242,000
	<u>352,618</u>	<u>265,224</u>	<u>352,618</u>	<u>242,000</u>

Interest on the bank loan, which is 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	
	2015	2014	2015	2014
	£	£	£	£
Due Within One Year	64,419	89,687	17,911	8,685
Due Between One and Five Years	108,470	119,753	35,724	15,192
Due After Five Years or More	-	-	-	-
	<u>172,889</u>	<u>209,440</u>	<u>53,635</u>	<u>23,877</u>
<u>Less:</u>				
Finance Charges Allocated to Future Years	<u>(29,335)</u>	<u>(24,582)</u>	<u>(15,823)</u>	<u>(4,092)</u>
	<u>143,554</u>	<u>184,858</u>	<u>37,812</u>	<u>19,785</u>

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

A. J. FABTECH LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 28TH FEBRUARY 2015

14. PROVISIONS FOR LIABILITIES

	The Group		The Company	
	2015	2014	2015	2014
	£	£	£	£
<u>Provision for Deferred Taxation:</u>				
At 1st March 2014	2,670	21,453	-	11,631
Amount Transferred to or from the Profit and Loss Account in the Year	(825)	(18,783)	-	(11,631)
At 28th February 2015	<u>1,845</u>	<u>2,670</u>	<u>-</u>	<u>-</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	
	2015	2014	2015	2014
	£	£	£	£
Accelerated Capital Allowances	43,658	81,559	-	32,781
<u>Less: Unrelieved Tax Losses</u>	<u>(41,813)</u>	<u>(78,889)</u>	<u>-</u>	<u>(32,781)</u>
	<u>1,845</u>	<u>2,670</u>	<u>-</u>	<u>-</u>

15. CALLED UP SHARE CAPITAL

	<u>Allotted and Fully Paid</u>	
	2015	2014
	£	£
<u>Equity Shares:</u>		
Ordinary Shares of £1 each	<u>285</u>	<u>285</u>

A. J. FABTECH LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 28TH FEBRUARY 2015

16. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS FUNDS

	The Group		The Company	
	2015	2014	2015	2014
	£	£	£	£
Loss for the Financial Year	(244,593)	(1,011,240)	(286,193)	(871,673)
Dividends	-	-	-	-
Revaluation of Plant and Machinery	59,289	-	-	-
Net Reduction to Shareholders Funds	(185,304)	(1,011,240)	(286,193)	(871,673)
Shareholders Funds as at 1st March 2014	981,419	1,992,659	1,247,058	2,118,731
Shareholders Funds as at 28th February 2015	<u>796,115</u>	<u>981,419</u>	<u>960,865</u>	<u>1,247,058</u>

17. RESERVES

	<u>Profit and Loss Account</u>			
	The Group		The Company	
	2015	2014	2015	2014
	£	£	£	£
At 1st March 2014	967,367	1,978,229	1,246,258	2,117,931
Loss for the Year	(244,593)	(1,011,240)	(286,193)	(871,673)
Dividends on Ordinary Shares Paid in the Year	-	-	-	-
Realisation of Revaluation Reserve	378	378	-	-
At 28th February 2015	<u>723,152</u>	<u>967,367</u>	<u>960,065</u>	<u>1,246,258</u>

	<u>Revaluation Account</u>			
	The Group		The Company	
	2015	2014	2015	2014
	£	£	£	£
At 1st March 2014	13,252	13,630	-	-
Revaluation in Year	59,289	-	-	-
Realisation of Revaluation Reserve	(378)	(378)	-	-
At 28th February 2015	<u>72,163</u>	<u>13,252</u>	<u>-</u>	<u>-</u>

A. J. FABTECH LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 28TH FEBRUARY 2015

18. OPERATING LEASES

At 28th February 2015 the group was committed to making the following payments during the next year in respect of operating leases:

	Land and Buildings	Other
	£	£
<u>Leases Which Expire:</u>		
Within One Year	22,128	23,376
Between One to Five Years	-	15,436
After Five Years	-	-
	<u>22,128</u>	<u>38,812</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 £46,599 (2014 : £37,251). Contributions totalling £4,163 (2014 : £3,093) 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 £286,193 (2014: £871,673).

21. RELATED PARTY TRANSACTIONS

Debtors includes the following overdrawn director's loan:

Name	The Group		The Company	
	2015	2014	2015	2014
		£	£	£
Shaun M. Daniels	-	75	-	75
	-	75	-	75

A. J. FABTECH LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 28TH FEBRUARY 2015

21. RELATED PARTY TRANSACTIONS (continued)

Creditors includes the following directors and shareholder loans:

Name	The Group		The Company	
	2015	2014	2015	2014
			£	£
Alan D. Wright	1,132,235	826,925	1,132,235	826,925
Mark A. Wright	70,374	73,574	70,374	73,574
Amanda Falsey	205,672	155,672	205,672	155,672
	<u>1,408,281</u>	<u>1,056,171</u>	<u>1,408,281</u>	<u>1,056,171</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 2015, AWA Consultancy Services Limited was paid £50,900 (2014: £51,400) for its services.

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

A further 20% of the share capital of A. & J. Water Treatment Limited was 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 2015, the following transactions took place between The Group and A. & J. Water Treatment Limited:

1. The Group provided subcontract labour to a value of £410,561 (2014: £293,475).
2. The Group provided management and administrative support and recharged expenses to A. & J. Water Treatment for £5,992 (2014: £142,471) for its services.

A. J. FABTECH LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 28TH FEBRUARY 2015

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 2015 the group sold goods to Peak HiFi with a value of £Nil (2014: £6,056)

Debtors includes the following amounts owed by related parties:

<u>Name</u>	<u>2015</u>	<u>2014</u>
	<u>£</u>	<u>£</u>
A. & J. Water Treatment Limited	-	35,160
S. Daniels T/A Peak HiFi	-	1,678
	<u>-</u>	<u>36,838</u>