

Lymington Precision Engineers Co. Limited

**Directors' report and financial
statements**

Registered number 01543828

For the year ended 31 March 2013

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Company Information

The board of directors Mr A M Chalk
Mr R B D Cole
Mr D G Edgeley
Mr M L B Palmer

Registered office Gosport Street
Lymington
Hampshire
SO41 9EE

Auditor KPMG LLP
Dukes Keep
Marsh Lane
Southampton
SO14 3EX
United Kingdom

Bankers Investec Bank
2 Gresham Street
London
EC2V 7QP

Barclays Bank
High Street
Lymington
Hampshire
SO41 9ZF

Directors' report

The directors present their directors' report and financial statements for the year ended 31 March 2013

Principal Activities and Review of the Business

The principal activity of the company was that of precision engineering

The companies' activities encompass nuclear, electronics, oil & gas and aerospace clients and its' ability to produce highly engineered solutions, combined with excellent customer relations, gives an opportunity to expand operations into other high technology sectors

The Board has considered the challenges facing the business during the year and performance with regard to key performance indicators, as set out in the table below -

	<u>Year</u> <u>ended 31</u> <u>March</u> <u>2013</u> £000's	<u>Year</u> <u>ended</u> <u>31</u> <u>March</u> <u>2012</u> £000's	<u>% Change</u>
Turnover	54,728	43,704	25.2%
Gross margin	12,880	12,158	5.9%
Gross profit margin (%)	23.2	27.8	-4.6%
Profit on ordinary activities before tax	5,754	5,503	4.6%

The Group maintained its' continual investment in people and equipment. Last year's investment in the Enterprise Resource Management (ERP) system, has enabled the Group to better understand costs, increase customer service levels and maintain a good control environment. These systems continued to be developed through the year and will be spread further into the operations as we learn to use all its' abilities.

The company monitors its trade debtors and creditors on a monthly basis. The company also reports its cash position on a weekly cycle and projects the cash requirement forward for three months. The company has an ongoing programme of visiting its suppliers and sourcing new suppliers to ensure that it is not reliant on a single source of supply.

Results and dividend

The profit for the year, after taxation, amounted to £4,814,454 (2012 £4,872,711). During the year, the directors paid a dividend payment of £6,369.70 per ordinary share (2012 £90,837 per share).

Financial instruments

The company holds or issues financial instruments in order to achieve three main objectives, being

- (a) to finance its operations,
- (b) to manage its exposure to interest and currency risks arising from its operations and from its sources of finance, and
- (c) for trading purposes

In addition, various financial instruments (e.g. trade debtors, trade creditors, accruals and prepayments) arise directly from the company's operations.

Directors' report *(continued)*

Credit Risk

The company monitors credit risk closely and considers that its current policy of credit checks meets its objectives of managing exposure to credit risk

The company has no significant concentrations of credit risk. Amounts shown in the balance sheet best represent the maximum credit risk exposure in the event other parties fail to perform their obligations under financial instruments

Pricing policies are reviewed regularly and where appropriate, sales are covered with inflation clauses, to protect the company, in the event that raw material price increases. The Directors have extensively reviewed liquidity and cash flow risks and conclude that adequate safeguards are in place, in the normal run of business

Directors

The directors who held office during the year were as follows

Mr A M Chalk
Mr R B D Cole
Mr D G Edgeley
Mr M L B Palmer

Political and charitable contributions

During the year the company made the following contributions

	2013 £	2012 £
Education	550	450
Health	1,325	3,416
Local community and other	6,549	3,147
	<hr/> 8,424	<hr/> 7,013

Research and development activities

The group is committed to research and development activities in order to secure its position in the market. Expenditure in the year is set out in note 4

Policy on payment of creditors

The group's current policy concerning the payment of trade creditors is to

- settle the terms of payment with suppliers when agreeing the terms of each transaction,
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts, and
- pay in accordance with the company's contractual and other legal obligations

On average, trade creditors at the period end represented 29 (2012: 68) days' purchases

Directors' report *(continued)*

Employees

The Company recognises the benefits of keeping employees informed of the progress of the business. During the year the employees were regularly provided with information regarding the financial and economic factors affecting the performance of the Company and on other matters of concern to them as employees, through half-yearly meetings that all employees attended. These meetings allow communication of the views of employees to be taken into account in making decisions which are likely to affect their interests.

The Company's policy with regard to the employment of disabled persons is that equal consideration is given to all applications from both able and disabled persons, subject only to the overriding consideration of safety. The special needs of disabled employees for training and advancement are kept under review.

Post balance sheet events

There are no post balance sheet events affecting the company.

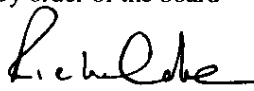
Auditor

KPMG LLP have indicated their willingness to continue as auditor. Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

By order of the board


Richard Cole
Director

Gosport Street
Lymington
Hampshire
SO41 9EE
11 July 2013

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

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 the 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 company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- Select suitable accounting policies and then apply them consistently,
- Make judgements and estimates that are reasonable and prudent,
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- 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.



Independent auditor's report to the members of Lymington Precision Engineers Co. Limited

We have audited the financial statements of Lymington Precision Engineers Co Limited for the year ended 31 March 2013 set out on pages 9 to 24. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 6, 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2013 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Lymington Precision Engineers Co. Limited *(continued)*

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

W Smith

**William Smith (Senior Statutory Auditor)
for and on behalf of KPMG LLP (Statutory Auditor)**

Chartered Accountants
Dukes Keep
Marsh Lane
Southampton
SO14 3EX

Date *11th July 2013*

Profit and Loss Account
For the year ended 31 March 2012

	<i>Note</i>	2013 £	2012 £
Turnover	2	54,728,002	43,704,348
Cost of sales		(41,847,572)	(31,546,234)
		<hr/>	<hr/>
Gross profit		12,880,430	12,158,114
Administrative expenses		(6,701,687)	(6,558,905)
Other operating income	3	3,995	28,212
		<hr/>	<hr/>
Operating profit	4	6,182,738	5,627,421
Other interest receivable and similar income	7	2,024	17,030
Interest payable and similar charges	8	(431,238)	(140,973)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		5,753,524	5,503,478
Tax on profit on ordinary activities	9	(939,070)	(630,767)
		<hr/>	<hr/>
Profit for the financial year	21	4,814,454	4,872,711
		<hr/>	<hr/>

The results for the current period all relate to continuing activities

The company has no recognised gains or losses other than the results for the year as set out above

Balance Sheet
At 31 March 2013

	Note	2013		2012	
		£	£	£	£
Fixed assets					
Investments	13		-		-
Tangible assets	12		4,484,095		5,374,416
Current assets					
Stocks	14	7,209,201		7,949,433	
Debtors	15	14,718,755		14,182,750	
Cash at bank and in hand		1,073,600		-	
		<u>23,001,556</u>		<u>22,132,183</u>	
Creditors: amounts falling due within one year	16	<u>(12,686,083)</u>		<u>(15,402,365)</u>	
Net current assets			<u>10,315,473</u>		<u>6,729,818</u>
Total assets less current liabilities			<u>14,799,568</u>		<u>12,104,234</u>
Creditors: amounts falling due after more than one year	17		<u>(2,160,690)</u>		<u>(3,547,840)</u>
Provisions for liabilities	19		<u>(2,752)</u>		<u>(97,752)</u>
Net assets			<u><u>12,636,126</u></u>		<u><u>8,458,642</u></u>
Capital and reserves					
Called up share capital	20		100		100
Profit and loss account	21		12,636,026		8,458,542
Shareholders' funds	22		<u><u>12,636,126</u></u>		<u><u>8,458,642</u></u>

The notes from pages 12 to 23 form a part of these financial statements

These financial statements were approved by the board of directors on 11/7/13 and were signed on its behalf by



Richard Cole
Director

Company registered number 01543828

Note of Historical Cost Profits and Losses
for the year ended 31 March 2013

	2013 £	2012 £
Reported profit on ordinary activities before taxation	5,747,409	5,503,478
Impairment/reversal of previous year impairment of investment properties	-	-
	<hr/>	<hr/>
Historical cost profit on ordinary activities before taxation	5,747,409	5,503,478
	<hr/>	<hr/>
Historical cost profit/ (loss) for the year retained after taxation and dividends	(177,082)	(4,748,451)
	<hr/>	<hr/>

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below

Basis of preparation

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain tangible fixed assets, and in accordance with the Companies Act 2006 and Accounting Standards applicable in the United Kingdom

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that the parent undertaking includes the Company in its own published consolidated financial statements

As the Company is a wholly owned subsidiary of Lymington Precision Engineering (LPE) Limited, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group. The consolidated financial statements of Lymington Precision Engineering (LPE) Limited, within which this Company is included, can be obtained from the address given in note 26

Going concern

The company's business activities together with the factors likely to affect its future are set out in the Directors report on pages 2 to 4. In addition notes 1 to 25 to the financial statements include the company's policies & processes for managing its capital, financial risk management objectives, details of its financial instruments, and its exposure to credit & liquidity risks

The directors have a reasonable expectation that the company has adequate resources to continue in operation existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

Turnover

The turnover shown in the profit and loss account represents goods and services sold in the year, exclusive of Value Added Tax. Turnover is recognised where goods have been dispatched from the company's premises. No warranty is offered on goods sold by the company

Tangible fixed assets and depreciation

Tangible Fixed assets are shown at their historical cost or revalued amount. Depreciation is provided to write off the cost or valuation less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows

Investment properties	-	Revalued every 3 years
Leasehold Improvements	-	straight line over 10 years or over the remaining life of lease whichever is the shorter
Plant and machinery	-	25 % reducing balance
Fixture, fittings and equipment	-	between 3 years straight line and 25 % reducing balance
Motor vehicles	-	25 % reducing balance

No depreciation is provided on freehold land

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account

Notes (continued)

1 Accounting policies (continued)

Investment properties

Investment properties are shown at their open market value. The surplus or deficit arising from the annual revaluation is transferred to the investment revaluation reserve unless a deficit, or its reversal, on an individual investment property is expected to be permanent in which case it is recognised in the profit and loss account for the year.

This is in accordance with SSAP 19 which, unlike the Companies Act 2006, does not require depreciation of investment properties. Investment properties are held for their investment potential and not for use by the company and so their current valuation is of prime importance. The departure from the provisions of the Act is required in order to give a true and fair view.

Leases

Assets acquired under finance leases are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and interest is charged to the profit and loss account under the sum of digits method.

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Research and development expenditure

Expenditure on research and development is written off to the profit and loss account in the year in which it is incurred. Development expenditure is capitalised only where there is a clearly defined project, the expenditure is separately identifiable, the outcome of the project can be assessed with reasonable certainty, aggregate costs are expected to exceed related future sales and adequate resources exist to enable the project to be completed.

Stocks and work in progress

Stocks are stated at the lower of cost and net realisable value after making due allowance for obsolete and slow moving items.

Cost is determined on average purchase price and includes all transport and handling costs.

Work in progress and finished goods are valued on the basis of direct costs, with reference to normal levels of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is provided on the liability method to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences.

Notes (continued)

1 Accounting policies (continued)

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either, financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Trade and other debtors

Trade and other debtors are recognised and carried forward at invoiced amounts less provisions for any doubtful debts. Bad debts are written off when identified.

Cash and cash equivalents

Cash and cash equivalents are included in the balance sheet at cost. Cash and cash equivalents comprise cash at bank and in hand and short term deposits with an original maturity of three months or less.

Interest-bearing loans and borrowings

All loan and borrowings are recognised initially at cost, which is the fair value of the consideration received, net of issue costs associated with the borrowing.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Dividends on shares presented within shareholders' funds

Dividends are only recognised as a liability at that date to the extent that they are declared prior to the year end. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

2 Analysis of turnover

The turnover and profit before tax are attributable to the one principal activity of the company. An analysis of turnover is given below.

	2013 Turnover £	2012 Turnover £
United Kingdom	46,549,336	37,114,975
Rest of World	8,177,904	6,589,373
	<u>54,727,240</u>	<u>43,704,348</u>

All turnover originates in the United Kingdom.

3 Other Operating Income

	2013 £	2012 £
Rental income from investment properties	<u>3,995</u>	<u>28,212</u>

Notes (continued)

4 Profit on ordinary activities before taxation

	2013 £	2012 £
<i>Profit on ordinary activities before taxation is stated after charging/(crediting)</i>		
Depreciation and other amounts written off tangible fixed assets		
Owned	972,189	987,028
Leased	372,662	372,662
Loss on disposal of fixed assets	24,786	6,475
Operating leases / rental		
- property	532,731	532,731
- other	28,066	28,066
Research and development expenditure	1,700,000	2,008,000
Foreign exchange losses	54,496	21,118
	<u> </u>	<u> </u>

Auditors' Remuneration

	2013 £	2012 £
Audit of these financial statements	28,000	28,000
Amounts receivable by auditors in respect of		
Other services relating to taxation	11,500	11,500
Other services	3,750	3,750
	<u> </u>	<u> </u>

5 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows

	Number of employees	
	2013	2012
Productive Staff	102	95
Administrative staff	100	99
	<u> </u>	<u> </u>
	202	194
	<u> </u>	<u> </u>

The aggregate payroll costs of these persons were as follows

	£	£
Wages and salaries	7,360,856	6,605,233
Social security costs	857,399	730,886
Other pension costs	219,654	179,184
	<u> </u>	<u> </u>
	8,437,909	7,515,303
	<u> </u>	<u> </u>

Notes (continued)

6 Remuneration of directors

	2013 £	2012 £
Directors' emoluments	529,406	998,081
Company contributions to money purchase pension schemes	40,080	38,717
Compensation for loss of office	-	-
	<u>579,486</u>	<u>1,036,798</u>

The aggregate of emoluments in the period of the highest paid director was £166,620, and Company pension contributions of £12,793 were made to a money purchase scheme on his behalf

	Number of directors	
	2013	2012
Retirement benefits are accruing to the following number of directors under		
Money purchase schemes	<u>4</u>	<u>5</u>

7 Interest receivable

	2013 £	2012 £
Other interest receivable	<u>2,024</u>	<u>17,030</u>

8 Interest payable and similar charges

	2013 £	2012 £
On bank loans and overdrafts	354,016	93,817
Finance charges	38,024	44,728
Other similar charges payable	39,198	2,428
	<u>431,238</u>	<u>140,973</u>

Notes (continued)

9 Taxation

Analysis of charge in period

	2013 £	2012 £
<i>UK corporation tax</i>		
Current tax on income for the period	1,080,574	981,971
Adjustments in respect of prior periods	(46,504)	(244,678)
Total current tax	1,034,070	737,293
<i>Deferred tax (see note 18)</i>		
Origination/reversal of timing differences	(92,751)	(100,111)
Effect of change in tax rate	(2,249)	(6,415)
Total deferred tax	(95,000)	(106,526)
Tax on profit on ordinary activities	939,070	630,767

Factors affecting the tax charge for the current period

The current tax charge for the period is lower (2012 lower) than the standard rate of corporation tax in the UK of 24%, (2012 26%) The differences are explained below

	2013 £	2012 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	5,753,524	5,503,478
Current tax at 24% (2012 26 %)	1,380,846	1,430,904
<i>Effects of</i>		
Expenses not deductible for tax purposes	133,600	8,620
Depreciation in period in excess of capital allowances	41,979	84,850
R & D claim	(475,851)	(269,620)
Group relief for nil consideration	-	(272,784)
Adjustments to tax charge in respect of previous periods	(46,504)	(244,677)
Total current tax charge (see above)	1,034,070	737,293

Notes (continued)

10 Dividends

The aggregate amount of dividends comprises

	2013 £	2012 £
Equity dividends paid on ordinary shares	636,970	9,083,700
	<u>636,970</u>	<u>9,083,700</u>

The aggregate amount of dividends proposed and not recognised as liabilities as at the year end is £nil (2012 £nil)

11 Pension costs

The company made pension contributions during the period of £219,654 (2012 £ 179,184) Amounts outstanding at the balance sheet date total £37,760 (2012 £ 30,286)

12 Tangible fixed assets

	Land and buildings £	Plant and machinery £	Fixtures, Fittings & equipment £	Motor Vehicles £	Total £
Cost or revaluation					
At beginning of period	1,437,533	14,186,386	1,570,148	180,800	17,374,867
Additions	125,406	755,175	79,542	-	960,123
Disposals	(499,633)	(850)	-	(19,739)	(520,222)
At end of period	<u>1,063,306</u>	<u>14,940,711</u>	<u>1,649,690</u>	<u>161,061</u>	<u>17,814,768</u>
Depreciation					
At beginning of period	319,868	10,572,861	1,048,686	59,036	12,000,451
Charge for period	70,644	929,755	314,745	29,707	1,344,851
On disposals	-	(14)	-	(14,615)	(14,629)
At end of period	<u>390,512</u>	<u>11,502,602</u>	<u>1,363,431</u>	<u>74,128</u>	<u>13,330,673</u>
Net book value					
At 31 March 2013	<u>672,794</u>	<u>3,438,109</u>	<u>286,259</u>	<u>86,933</u>	<u>4,484,095</u>
At 1 April 2012	<u>1,117,665</u>	<u>3,613,525</u>	<u>521,462</u>	<u>121,764</u>	<u>5,374,416</u>

Notes (continued)

12 Tangible fixed assets (continued)

Included in the total net book value of plant & machinery is £765,487 (2012 £1,138,149) in respect of assets held under finance leases. Depreciation for the period on these assets was £372,662 (2012 £372,662)

The net book value of land and buildings comprises

	2013 £	2012 £
Freehold investment properties	281,459	781,122
Long leasehold	391,335	336,542
	<u>672,794</u>	<u>1,117,664</u>

The historic cost of the freehold investment properties were re-valued downwards to £1,035,000 by the directors in the year ended 31 March 2011, with reference to a professional valuation carried out on the 20 May 2011, by Kevin Shaw MRICS of Kevin Shaw & Associates. There has been no revaluation carried out in the current year. The directors consider the carrying value of the investment property to be appropriate and not to have deteriorated. The decrease above is due to the sale of 1 investment property.

The open market value of land and buildings is determined before expected selling costs.

13 Fixed asset investments

	Shares in group undertakings £
Cost and Net Book Value at 01 April 2012	-
Purchases in year	200,000
Impairment of investment	(200,000)
Cost and Net Book Value at 31 March 2013	<u>200,000</u>

On 31 October 2012 the company purchased 100% of the issued share capital of Dorset Precision Grinding Limited, a company incorporated in England and Wales. The principal activity of DPG Limited is that of a precision grinding. On 28 February 2013 the trade and assets were incorporated into Lymington Precision Engineering Limited at net book value. The investment represents is expected to generate efficiency savings through bringing this process in house. Following a review of this and the difficulties in tracking the savings generated, the decision to write off the investment to nil was taken.

14 Stocks

	2013 £	2012 £
Raw materials and consumables	231,308	159,875
Work in progress	4,351,028	5,627,100
Finished goods and goods for resale	2,626,865	2,162,458
	<u>7,209,201</u>	<u>7,949,433</u>

Notes (continued)

15 Debtors

	2013 £	2012 £
Trade debtors	6,917,182	6,527,507
Amounts owed by group undertakings	7,433,168	7,260,820
Other debtors	14,654	36,165
Prepayments and accrued income	353,751	358,258
	<hr/>	<hr/>
	14,718,755	14,182,750
	<hr/>	<hr/>

16 Creditors: amounts falling due within one year

	2013 £	2012 £
Bank loans and mortgage	1,666,667	1,713,789
Overdraft	-	1,390,355
Hire purchase agreements	215,318	144,621
Trade creditors	3,145,223	5,932,065
Amounts owed to group undertakings	3,400,987	3,400,987
Corporation tax	299,758	121,288
Other taxation and social security	1,360,844	454,637
Accruals and deferred income	2,598,006	2,244,623
	<hr/>	<hr/>
	12,686,083	15,402,365
	<hr/>	<hr/>

Security

The mortgage of £nil (2012 - £47,122) is secured on the investment properties concerned

The hire purchase agreements are secured on the assets concerned

Notes (continued)

17 Creditors: amounts falling due after more than one year

	2012 £	2012 £
Bank loans and mortgage	1,110,498	3,527,531
Obligations under finance leases and hire purchase contracts	1,050,192	20,309
	<u>2,160,690</u>	<u>3,547,840</u>

Security

The mortgage of £nil (2012 £473,198) is secured on the investment properties concerned. The finance leases and hire purchase contracts are secured on the assets concerned.

The maturity of bank loans and mortgage obligations are as follows

	2013 £	2012 £
Within one year	1,666,667	1,713,789
In the second to fifth years	1,249,998	3,806,531
Capitalised arrangement fees	(139,500)	(279,000)
	<u>2,577,359</u>	<u>5,241,320</u>

18 Commitments under hire purchase agreements

The maturity of obligations under finance leases and hire purchase contracts is as follows

	2013 £	2012 £
Within one year	251,318	144,261
In the second to fifth years	1,050,192	20,309
	<u>1,265,510</u>	<u>164,570</u>

Notes (continued)

19 Provisions for liabilities

	Deferred taxation £	Total £
At beginning of year	97,752	204,278
(Credit) to the profit and loss for the year regarding release of deferred tax	(92,751)	
(Credit) to the profit and loss for the year regarding change in rate	(2,249)	(106,526)
At end of year	<u>2,752</u>	<u>97,752</u>
The elements of deferred taxation are as follows		
	2013 £	2012 £
Excess of taxation over depreciation on fixed assets	<u>2,752</u>	<u>97,752</u>
Deferred tax liability	<u>2,752</u>	<u>97,752</u>

No provision has been made for the taxation consequences which may arise on the disposal of the investment properties at the current valuation

A reduction in the UK corporation tax rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. This will reduce the company's future current tax charge accordingly. The deferred tax liability at 31 March 2013 has been calculated based on the rate of 23% substantively enacted at the balance sheet date.

The March 2013 Budget announced that the rate will further reduce to 20% by 2015 in addition to the planned reduction to 21% by 2014 previously announced in the December 2012 Autumn Statement. It has not yet been possible to quantify the full anticipated effect of the announced further 3% rate reduction, although this will further reduce the company's future current tax charge and reduce the company's deferred tax liability accordingly.

Notes (continued)

20 Called up share capital

	2013 £	2012 £
<i>Allotted, called up and fully paid</i>		
100 Ordinary shares of £1 each	100	100

21 Profit & loss account

	2013 £	2012 £
Balance brought forward	8,458,542	12,669,531
Profit for the financial year	4,814,454	4,872,711
Equity dividends	(636,970)	(9,083,700)
	<u>12,636,026</u>	<u>8,458,542</u>

22 Reconciliation of Movements in Shareholders' Funds

	2013 £	2012 £
Profit for the financial year	4,814,454	4,872,711
Dividends on shares classified in shareholders' funds	(636,970)	(9,083,700)
Retained Profit/ (Loss)	<u>4,177,484</u>	<u>(4,210,989)</u>
Net increase/ (reduction) to shareholders' funds	4,177,484	(4 210 989)
Opening shareholder's funds	<u>8,458,642</u>	<u>12,669,631</u>
Closing shareholders' funds	<u>12,636,126</u>	<u>8,458 642</u>

23 Commitments

(a) Capital commitments at the end of the financial year for which no provision has been made, are as follows

	2013 £	2012 £
Contracted	-	-

Notes (continued)

23 Commitments (continued)

(b) Annual commitments under non-cancellable operating leases are as follows

	2013 Land and buildings £000	Other £000	2012 Land and buildings £000	Other £000
Operating leases which expire				
Within one year	-	468	-	468
In the second to fifth years inclusive	49,500	-	49,500	27,598
Over five years	450,000	33,231	483,231	-
	<u>499,500</u>	<u>33,699</u>	<u>532,731</u>	<u>28,066</u>

24 Transactions with Directors

The company paid rent of £Nil (2012 £ Nil) to Mr L A Crouch a director of the company until 9th February 2011

25 Related Party Transactions

The company has taken advantage of the exemption contained in the Financial Reporting Standard 8 not to disclose transactions with group companies as it is a 100% subsidiary of LPE Holdings Limited, which is in turn a 100% subsidiary of LPE (Lymington) Limited for which consolidated accounts are prepared. Consolidated financial statements are publicly available from Companies House.

26 Parent Companies and Controlling interests

The Company is controlled by LPE Holdings Limited which owns the entire issued share capital of the company. The ultimate controlling party is Project Forest L P a fund managed by Vine Street Capital LLP.

The address accounts can be obtained from is Lymington Precision Engineering (LPE) Limited, Gosport Street, Lymington, SO41 9EE