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Financial Statements  
Wykes Engineering Co. (Rushden)  
Limited and its subsidiary  
undertaking

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For the year ended 31 August 2013

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COMPANIES HOUSE

Registered number: 01665017

## Wykes Engineering Co. (Rushden) Limited

### Company Information

<b>Director</b>	D J Wykes
<b>Registered number</b>	01665017
<b>Registered office</b>	Goosey Lodge Wymington Nr Rushden Northamptonshire NN10 9LU
<b>Independent auditor</b>	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Grant Thornton House 202 Silbury Boulevard Milton Keynes MK9 1LW
<b>Bankers</b>	Lloyds TSB Bank Plc 48 Market Street Wellingborough Northamptonshire NN8 1AG

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## **Director's Report**

**For the year ended 31 August 2013**

The director presents his report and the financial statements for the year ended 31 August 2013.

### **Director's responsibilities statement**

The director is responsible for preparing the Director's report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting 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 group will continue in business.

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The director is responsible for the maintenance and integrity of the corporate and financial information included on the group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Director's reports may differ from legislation in other jurisdictions.

### **Principal activities**

The group is principally engaged in the following activities: general metal fabrication and mechanical engineering, the generation and sale of electricity and the letting of industrial buildings.

### **Business review**

The Director acknowledges the profit level for the year and considers that the position at the balance sheet date is satisfactory and that future trading will continue to be profitable.

### **Results**

The profit for the year, after taxation, amounted to £603,052 (2012 - £624,034).

## **Director's Report**

**For the year ended 31 August 2013**

### **Director**

The director who served during the year was:

D J Wykes

### **Future developments**

During the next financial year, the company will continue have a major involvement in the undertaking of a windfarm and new solar projects for Chelveston Renewable Energy Limited.

### **Disclosure of information to auditor**

The director at the time when this Director's report is approved has confirmed that:

- so far as he is aware, there is no relevant audit information of which the company and the group's auditor is unaware, and
- he has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the group's auditor is aware of that information.

### **Auditor**

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

### **Financial risk management objectives and policies**

The group's principal financial instruments comprise cash (via commonly held company balances) and various items, such as trade debtors and trade creditors, that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations.

The existence of these financial instruments exposes the group to a number of financial risks. The main risks arising from the group's financial instruments are credit risk and currency risk. The director reviews and agrees policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous years.

## **Director's Report**

**For the year ended 31 August 2013**

### **Market risk**

Market risk encompasses currency risk and interest rate risk. The company's policies for managing interest rate risk are considered along with those for managing cash flow interest rate risk and are set out in the sub section below.

### **Currency risk**

The group is exposed to transaction foreign exchange risk. If considered necessary, transaction exposures, including those associated with forecast transactions, are hedged when known, principally using forward currency contracts. Whilst the aim is to achieve an economic hedge the company does not adopt an accounting policy of hedge accounting for these financial statements

### **Interest rate risk**

The group finances its operations through a mixture of retained profits and loans from directors and commonly held companies, the latter generally without interest.

### **Credit risk**

The group seeks to manage its credit risk by dealing with established customers or otherwise checking the credit-worthiness of new customers, establishing clear contractual relationships with those customers, and by identifying and addressing any credit issues arising in a timely manner.

In order to manage credit risk the director sets limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by the credit controller on a regular basis in conjunction with debt ageing and collection history.

### **Key performance indicators**

#### **Gross profit**

The directors regard gross profit as a key performance measure. Gross profit for 2013 was £2,687,235 (2012 - £2,687,154).

#### **Net assets**

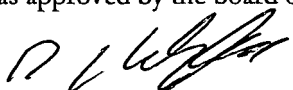
Net worth of the business is regarded as a key performance indicator. At 31 August 2013 the net assets of the business were £24,821,125 (2012 - £23,624,421).

#### **Debtor days**

Debtor days are regularly monitored. As at 31 August 2013, debtor days were 72 (2012: 70).

This report was approved by the board on **23 May 2014** and signed on its behalf.

D J Wykes  
Director





## Independent Auditor's Report to the Members of Wykes Engineering Co. (Rushden) Limited

We have audited the financial statements of Wykes Engineering Co. (Rushden) Limited for the year ended 31 August 2013, which comprise the consolidated Profit and loss account, the consolidated Statement of Total Recognised Gains and Losses, the consolidated and company Balance sheets, the consolidated Cash flow statement, the Reconciliation of net cash flow to movement in net funds and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

### **Respective responsibilities of director and auditor**

As explained more fully in the Director's responsibilities statement, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (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/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 August 2013 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Director's report for the financial year for which the financial statements are prepared is consistent with the financial statements.



## Independent Auditor's Report to the Members of Wykes Engineering Co. (Rushden) Limited

### **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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

*Grant Thornton UK LLP*

Jeremy Read (Senior statutory auditor)  
for and on behalf of  
Grant Thornton UK LLP  
Chartered Accountants  
Statutory Auditor  
Milton Keynes

Date: *23 May 2014*



## Consolidated Profit and Loss Account

For the year ended 31 August 2013

	Note	2013 £	As restated 2012 £
<b>Turnover</b>	1,2	<b>18,224,489</b>	20,319,495
Cost of sales		(15,537,254)	(17,632,341)
<b>Gross profit</b>		<b>2,687,235</b>	2,687,154
Administrative expenses		(2,297,036)	(2,336,267)
Other operating income	3	315,960	365,506
<b>Operating profit</b>	4	<b>706,159</b>	716,393
Share of operating profit in joint ventures		22,133	23,260
<b>Total operating profit</b>		<b>728,292</b>	739,653
Interest receivable and similar income		270,155	482,562
Interest payable and similar charges	7	(334,044)	(333,606)
<b>Profit on ordinary activities before taxation</b>		<b>664,403</b>	888,609
Tax on profit on ordinary activities	8	(61,351)	(264,575)
<b>Profit for the financial year</b>	17	<b>603,052</b>	624,034

All amounts relate to continuing operations.

The notes on pages 11 to 25 form part of these financial statements.

## Consolidated Statement of Total Recognised Gains and Losses

For the year ended 31 August 2013

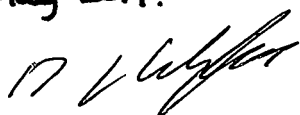
	Note	2013 £	As restated 2012 £
Profit for the financial year		<u>603,052</u>	<u>624,034</u>
Total recognised gains and losses relating to the year		603,052	<u>624,034</u>
Prior year adjustment	18	<u>593,652</u>	
Total gains and losses recognised since last financial statements		<u>1,196,704</u>	

The notes on pages 11 to 25 form part of these financial statements.

**Wykes Engineering Co. (Rushden) Limited****Registered number: 01665017****Consolidated Balance Sheet****As at 31 August 2013**

			2013	As restated
	Note	£	£	2012
			£	£
<b>Fixed assets</b>				
Tangible assets	9		6,401,532	6,975,338
Investments in joint ventures				
-Share of gross assets		506,630	458,289	
-Share of gross liabilities		(47,109)	(14,613)	
Share of net assets	10		459,521	443,676
			<u>6,861,053</u>	<u>7,419,014</u>
<b>Current assets</b>				
Stock and work in progress	12	15,014,651	1,819,036	
Debtors	13	17,320,504	12,907,454	
Cash at bank and in hand		11,549,384	16,286,806	
		<u>43,884,539</u>	<u>31,013,296</u>	
<b>Creditors: amounts falling due within one year</b>	14	(25,924,467)	(14,214,237)	
<b>Net current assets</b>			<u>17,960,072</u>	<u>16,799,059</u>
<b>Net assets</b>			<u>24,821,125</u>	<u>24,218,073</u>
<b>Capital and reserves</b>				
Called up share capital	16	1,000	1,000	
Profit and loss account	17	24,820,125	24,217,073	
<b>Shareholders' funds</b>	19	24,821,125	<u>24,821,125</u>	<u>24,218,073</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on  
**23 May 2014.**



D J Wykes  
 Director

The notes on pages 11 to 25 form part of these financial statements.

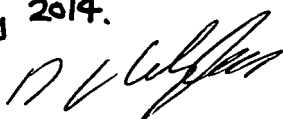
**Wykes Engineering Co. (Rushden) Limited****Registered number: 01665017****Company Balance Sheet****As at 31 August 2013**

	Note	£	2013 £	£	As restated 2012 £
<b>Fixed assets</b>					
Tangible assets	9		6,401,532		6,975,338
Investments	10		75,376		75,376
			<u>6,476,908</u>		<u>7,050,714</u>
<b>Current assets</b>					
Stock and work in progress	12	15,014,651		1,819,036	
Debtors	13	17,134,805		13,069,952	
Cash at bank and in hand		9,202,112		13,817,425	
		<u>41,351,568</u>		<u>28,706,413</u>	
<b>Creditors:</b> amounts falling due within one year	14	(25,883,123)		(14,165,357)	
<b>Net current assets</b>			<u>15,468,445</u>		<u>14,541,056</u>
<b>Net assets</b>			<u>21,945,353</u>		<u>21,591,770</u>
<b>Capital and Reserves</b>					
Called up share capital	16		1,000		1,000
Profit and loss account	17		21,944,353		21,590,770
<b>Shareholders' funds</b>	19		<u>21,945,353</u>		<u>21,591,770</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

**23 May 2014.**

D J Wykes  
Director



The notes on pages 11 to 25 form part of these financial statements.

## Consolidated Cash Flow Statement

For the year ended 31 August 2013

	Note	2013 £	2012 £
Net cash (outflow)/inflow from operating activities	20	(2,365,224)	6,310,739
Returns on investments and servicing of finance	21	(63,892)	148,952
Taxation		(386,952)	(900,000)
Capital expenditure and financial investment	21	(1,921,354)	(2,589,392)
<b>(Decrease)/Increase in cash in the year</b>		<b>(4,737,422)</b>	<b>2,970,299</b>

## Reconciliation of Net Cash Flow to Movement in Net Funds

For the year ended 31 August 2013

	2013 £	2012 £
(Decrease)/Increase in cash in the year	(4,737,422)	2,970,299
<b>Movement in net debt in the year</b>	<b>(4,737,422)</b>	<b>2,970,299</b>
Net funds at 1 September 2012	16,286,806	13,316,507
<b>Net funds at 31 August 2013</b>	<b>11,549,384</b>	<b>16,286,806</b>

The notes on pages 11 to 25 form part of these financial statements.

# Notes to the Financial Statements

For the year ended 31 August 2013

## 1. Accounting Policies

### 1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The principal accounting policies of the group are set out below. The policies have remained unchanged from the previous year.

### 1.2 Basis of consolidation

The financial statements consolidate the accounts of Wykes Engineering Co. (Rushden) Limited and its subsidiary undertaking drawn up to 31 August 2013. Profits or losses on intra-group transactions are eliminated in full.

### 1.3 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

Income from engineering work is recognised upon completion of the project and delivery to the customer.

Electricity sales are recognised when the electricity is put into the national grid on an accruals basis.

Rental income relates solely to the rental of the company's fluid bed burner plant. Income is recognised on an accruals basis.

### 1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	2% straight line
Plant & machinery	-	25% reducing balance
Motor vehicles	-	35% reducing balance
Fixtures, fittings & computer equipment	-	15% - 33% reducing balance
Waste to energy plant	-	25% straight line

### 1.5 Investments

#### (i) Subsidiary undertakings

Investments in subsidiaries are valued at cost less provision for impairment.

#### (ii) Joint venture undertakings

Investments in joint ventures are stated at the company's share of net assets. The company's share of the profits or losses of the joint ventures is included in the Consolidated Profit and loss account using the equity accounting basis.

# Notes to the Financial Statements

For the year ended 31 August 2013

## **1. Accounting Policies (continued)**

### **1.6 Operating leases**

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

### **1.7 Stocks and work in progress**

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

### **1.8 Deferred taxation**

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are discounted.

### **1.9 Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Consolidated Profit and loss account.

### **1.10 Research and development**

Research and development expenditure is written off in the year in which it is incurred.

# Notes to the Financial Statements

For the year ended 31 August 2013

## 1. Accounting Policies (continued)

### 1.11 Long-term contracts

Profit on long-term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the year end, by recording turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for that contract. Revenues derived from variations on contracts are recognised only when they have been accepted by the customer. Full provision is made for losses on all contracts in the year in which they are first foreseen.

### 1.12 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

### 1.13 Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then it is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

## 2. Turnover

The whole of the turnover is attributable to the principal activities of the group included in the director's report.

A geographical analysis of turnover is as follows:

	2013 £	2012 £
United Kingdom	17,676,878	18,777,966
Rest of European Union	547,611	1,541,529
	<u>18,224,489</u>	<u>20,319,495</u>



# Notes to the Financial Statements

For the year ended 31 August 2013

## 3. Other operating income

	2013	2012
	£	£
Rents receivable	163,410	164,956
Service charges	40,000	40,000
Management services	37,550	85,550
Consultancy income	75,000	75,000
	<u>315,960</u>	<u>365,506</u>

## 4. Operating profit

The operating profit is stated after charging/(crediting):

	2013	2012
	£	£
Depreciation of tangible fixed assets:		
- owned by the group	2,497,669	2,159,611
Auditor's remuneration	15,516	12,272
Difference on foreign exchange	13	243
	<u>2,513,198</u>	<u>2,172,126</u>

Auditor's fees for the company were £15,516 (2012 - £12,272)

## 5. Staff costs

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

	2013	2012
	£	£
Wages and salaries	2,758,681	2,647,345
Social security costs	318,465	303,640
Other pension costs	83,469	60,191
	<u>3,160,615</u>	<u>3,011,176</u>

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

	2013	2012
	No.	No.
Production staff	50	49
Administrative and management staff	27	26
	<u>77</u>	<u>75</u>

# Notes to the Financial Statements

For the year ended 31 August 2013

## 6. Director's remuneration

	2013	2012
	£	£
Remuneration	<u>116,378</u>	<u>144,101</u>

## 7. Interest payable

	2013	2012
	£	£
On other loans	333,477	333,477
Other interest payable	567	129
	<u>334,044</u>	<u>333,606</u>

## 8. Taxation

	2013	As restated 2012
	£	£
<b>Analysis of tax charge in the year</b>		
<b>Current tax</b> (see note below)		
UK corporation tax charge on profit for the year	453,733	423,444
Adjustments in respect of prior periods	(191,086)	(7,502)
	<u>262,647</u>	<u>415,942</u>
Share of joint ventures' current tax	6,291	4,657
<b>Total current tax</b>	<u>268,938</u>	<u>420,599</u>
<b>Deferred tax</b> (see note 15)		
Origination and reversal of timing differences	(207,587)	(156,024)
<b>Tax on profit on ordinary activities</b>	<u>61,351</u>	<u>264,575</u>

# Notes to the Financial Statements

For the year ended 31 August 2013

## 8. Taxation (continued)

### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2012 - higher than) the standard rate of corporation tax in the UK of 23.50% (2012 - 25.16%). The differences are explained below:

	2013 £	2012 £
Profit on ordinary activities before tax	<u>664,403</u>	<u>888,609</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.50% (2012 - 25.16%)	96,358	159,848
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	2,234	5,885
Capital allowances for year in excess of depreciation	283,737	132,860
Adjustments to tax charge in respect of prior periods	(191,086)	(7,502)
Short term timing difference leading to an increase (decrease) in taxation	70,347	83,603
Effects of tax on joint ventures	6,291	4,657
Fixed assets ineligible depreciation	1,057	41,248
<b>Current tax charge for the year</b> (see note above)	<u>268,938</u>	<u>420,599</u>

## Notes to the Financial Statements

For the year ended 31 August 2013

## 9. Tangible fixed assets

Group and Company	Freehold property £	Plant & machinery £	Motor vehicles £	Fixtures, fittings & computers £	Waste to energy plant £	Total £
<b>Cost</b>						
At 1 September 2012	3,410,113	1,885,826	382,980	462,229	15,913,889	22,055,037
Additions	-	447	15,849	15,484	1,904,783	1,936,563
Disposals	-	-	(24,779)	-	-	(24,779)
At 31 August 2013	3,410,113	1,886,273	374,050	477,713	17,818,672	23,966,821
<b>Depreciation</b>						
At 1 September 2012	750,836	1,627,500	287,523	355,292	12,058,548	15,079,699
Charge for the year	66,544	64,693	34,512	31,855	2,300,065	2,497,669
On disposals	-	-	(12,079)	-	-	(12,079)
At 31 August 2013	817,380	1,692,193	309,956	387,147	14,358,613	17,565,289
<b>Net book value</b>						
At 31 August 2013	2,592,733	194,080	64,094	90,566	3,460,059	6,401,532
At 31 August 2012	2,659,277	258,326	95,457	106,937	3,855,341	6,975,338

Included in freehold property is land with a cost of £82,928 (2012 - £82,928) which is not depreciated.

## 10. Fixed asset investments

Group	Investment in joint ventures £
<b>Cost or valuation</b>	
At 1 September 2012	443,676
Share of profit	15,845
At 31 August 2013	459,521
<b>Net book value</b>	
At 31 August 2013	459,521
At 31 August 2012	443,676

# Notes to the Financial Statements

For the year ended 31 August 2013

## 10. Fixed asset investments (continued)

### Subsidiary undertakings

The following was the subsidiary undertaking of the company:

Name	Class of shares	Holding
Wykes Engineering Europe Limited	Ordinary	100%

The aggregate of the share capital and reserves as at 31 August 2013 and of the profit or loss for the year ended on that date for the subsidiary undertaking was as follows:

Name	Aggregate of share capital and reserves £	Profit £
Wykes Engineering Europe Limited	2,491,627	233,624

### Joint ventures

Name	Country of incorporation	Class of shares	Holding	Principal activity
K J Wykes Limited	England	Ordinary	100%	Electrical engineering and repairs

### Joint ventures

Name	Year end	Aggregate of share capital and reserves £	Profit £
K J Wykes Limited	31 May 2013	919,042	31,691

Company	Investments in subsidiary companies £	Investment in joint ventures £	Total £
<b>Cost or valuation</b>			
At 1 September 2012 and 31 August 2013	1	75,375	75,376
<b>Net book value</b>			
At 31 August 2013	1	75,375	75,376
At 31 August 2012	1	75,375	75,376

Details of the principal subsidiaries and joint ventures can be found under note number 11.

# Notes to the Financial Statements

For the year ended 31 August 2013

## 11. Principal subsidiaries and joint ventures

### a. Principal subsidiaries

Company name	Country	Holding	Principal activity
Wykes Engineering Europe Limited	Isle of Man	100%	Metal fabrication and mechanical engineering

### b. Principal joint ventures

Company name	Country	Holding	Principal activity
K J Wykes Limited	England	50%	Electrical engineering and repairs

The financial year end of K J Wykes Limited is not coterminous with that of the company. The financial year end in respect of K J Wykes was 31 May 2013.

## 12. Stock and work in progress

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Raw materials	72,865	64,380	72,865	64,380
Work in progress	13,791,786	604,656	13,791,786	604,656
Property trading stock	1,150,000	1,150,000	1,150,000	1,150,000
	<b>15,014,651</b>	<b>1,819,036</b>	<b>15,014,651</b>	<b>1,819,036</b>

# Notes to the Financial Statements

For the year ended 31 August 2013

## 13. Debtors

	<u>Group</u>		<u>Company</u>	
	2013	As restated 2012	2013	As restated 2012
	£	£	£	£
<b>Due after more than one year</b>				
Deferred tax asset (see note 15)	801,239	593,652	801,239	593,652
<b>Due within one year</b>				
Trade debtors	3,638,674	3,911,358	3,488,458	3,773,296
Amounts owed by group undertakings	-	-	-	457,800
Amounts owed by joint ventures	990	2,360	990	2,360
Other debtors	12,485,785	8,353,478	12,450,302	8,196,238
Prepayments and accrued income	56,592	46,606	56,592	46,606
Amounts recoverable on long term contracts	337,224	-	337,224	-
	<u>17,320,504</u>	<u>12,907,454</u>	<u>17,134,805</u>	<u>13,069,952</u>

## 14. Creditors:

### Amounts falling due within one year

	<u>Group</u>		<u>Company</u>	
	2013	2012	2013	2012
	£	£	£	£
Payments received on account	260,173	10,230	260,173	10,230
Trade creditors	2,146,148	1,543,536	2,104,804	1,494,656
Amounts owed to joint ventures	645,881	630,226	645,881	630,226
Corporation tax	108,589	232,894	108,589	232,894
Other taxation and social security	87,838	660,341	87,838	660,341
Director's current account	4,095,989	4,096,162	4,095,989	4,096,162
Other creditors	18,579,849	7,040,848	18,579,849	7,040,848
	<u>25,924,467</u>	<u>14,214,237</u>	<u>25,883,123</u>	<u>14,165,357</u>

# Notes to the Financial Statements

For the year ended 31 August 2013

## 15. Deferred tax asset

	<b>Group</b>		<b>Company</b>	
	2013	As restated 2012	2013	As restated 2012
	£	£	£	£
At beginning of year	593,652	437,628	593,652	437,628
Released during the year (P&L)	207,587	156,024	207,587	156,024
At end of year	<u>801,239</u>	<u>593,652</u>	<u>801,239</u>	<u>593,652</u>

The deferred tax asset is made up as follows:

	<b>Group</b>		<b>Company</b>	
	2013	As restated 2012	2013	As restated 2012
	£	£	£	£
Accelerated capital allowances	599,849	430,669	599,849	430,669
Directors loan account interest accrual	201,390	162,983	201,390	162,983
	<u>801,239</u>	<u>593,652</u>	<u>801,239</u>	<u>593,652</u>

The deferred tax asset arises from a) the difference between the depreciation charged on plant and the capital allowances available in the year and b) interest payable on the director's loan to the company but unpaid at the year end.

## 16. Share capital

	2013	2012
	£	£
Allotted, called up and fully paid		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

## 17. Reserves

<b>Group</b>	<b>Profit and loss account £</b>
At 1 September 2012 (as previously stated)	23,623,421
Prior year adjustment (note 18)	593,652
At 1 September 2012 (as restated)	<u>24,217,073</u>
Profit for the financial year	603,052
At 31 August 2013	<u>24,820,125</u>



# Notes to the Financial Statements

For the year ended 31 August 2013

	Profit and loss account £
<b>Company</b>	
At 1 September 2012 (as previously stated)	20,997,118
Prior year adjustment (note 18)	593,652
	<hr/>
At 1 September 2012 (as restated)	21,590,770
Profit for the financial year	353,583
	<hr/>
At 31 August 2013	21,944,353
	<hr/>

## 18. Prior year adjustment

The financial statements for the year ended 31 August 2012 have been restated due to a change in accounting policy in respect of accounting for deferred taxation. As a result of this, the deferred tax debtor has increased by £593,652. The overall impact on the profit and loss reserve account has been a reduction in retained earnings of £593,652.

## 19. Reconciliation of movement in shareholders' funds

	2013 £	2012 £
<b>Group</b>		
Opening shareholders' funds	23,624,421	23,156,411
Prior year adjustments (note 18)	593,652	437,628
	<hr/>	<hr/>
Opening shareholders' funds (as restated)	24,218,073	23,594,039
Profit for the financial year	603,052	624,034
	<hr/>	<hr/>
Closing shareholders' funds	24,821,125	24,218,073
	<hr/>	<hr/>
	2013	2012
<b>Company</b>	£	£
Opening shareholders' funds	20,998,118	20,778,834
Prior year adjustments (note 18)	593,652	437,628
	<hr/>	<hr/>
Opening shareholders' funds (as restated)	21,591,770	21,216,462
Profit for the financial year	353,583	375,308
	<hr/>	<hr/>
Closing shareholders' funds	21,945,353	21,591,770
	<hr/>	<hr/>

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Profit and loss account.

The profit for the year dealt with in the accounts of the company was £353,583 (2012 - £375,308).

# Notes to the Financial Statements

For the year ended 31 August 2013

## 20. Net cash flow from operating activities

	2013 £	2012 £
Operating profit	706,159	716,393
Depreciation of tangible fixed assets	2,497,669	2,159,611
Profit on disposal of tangible fixed assets	(2,509)	(1,706)
(Increase)/decrease in stocks	(13,195,615)	153,717
(Increase)/decrease in debtors	(4,206,833)	1,010,882
Decrease in amounts owed by group undertakings	-	764
Increase in amounts owed to joint ventures	1,370	(2,360)
Increase in creditors	11,834,535	2,273,438
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(2,365,224)</b>	<b>6,310,739</b>

## 21. Analysis of cash flows for headings netted in cash flow statement

	2013 £	2012 £
<b>Returns on investments and servicing of finance</b>		
Interest received	270,152	482,558
Interest paid	(334,044)	(333,606)
<b>Net cash (outflow)/inflow from returns on investments and servicing of finance</b>	<b>(63,892)</b>	<b>148,952</b>

	2013 £	2012 £
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(1,936,563)	(2,593,758)
Sale of tangible fixed assets	15,209	4,366
<b>Net cash outflow from capital expenditure</b>	<b>(1,921,354)</b>	<b>(2,589,392)</b>

## 22. Analysis of changes in net funds

	1 September 2012 £	Cash flow £	Other non-cash changes £	31 August 2013 £
Cash at bank and in hand	16,286,806	(4,737,422)	-	11,549,384
<b>Net funds</b>	<b>16,286,806</b>	<b>(4,737,422)</b>	<b>-</b>	<b>11,549,384</b>

# Notes to the Financial Statements

For the year ended 31 August 2013

## 23. Contingent liabilities

The company entered into an omnibus guarantee and set off agreement with associated and commonly held companies in respect of any indebtedness to Lloyds TSB Bank Plc in respect of a loan to Chelveston Renewable Energy Limited. This is secured by fixed and floating charges over all of the company's assets. The amount of debt outstanding owed by Chelveston Renewable Energy Ltd as at 31 August 2013 was £10,750,000 (2012: £nil).

There were no other contingent liabilities as at 31 August 2013 or 31 August 2012.

## 24. Pension commitments

The group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £83,469 (2012: £60,191). Contributions totalling £6,501 (2012 - £3,715) were payable to the fund at the balance sheet date and are included in creditors.

## 25. Related party transactions

During the year, the group traded with the following companies in which Mr D J & Mrs E J Wykes are directors and/or shareholders:

			2013	2013
	Sales during	Purchases	Balance	Balance
	the year	during the	owed to the	owed by the
	£	year	group at 31	group at 31
	£	£	August 2013	August 2013
Ancillary Components Limited	6,536,364	5,686,782	224,821	6,685,575
Ancillary Components (Europe)	29,379	-	-	-
Federal Estates Limited	128,415	2,635	6,094,241	-
K J Wykes Limited	48,470	362,255	990	645,947
Chelveston Renewable Energy Limited	337,224	-	5,546,017	10,170,000
	<u>7,079,852</u>	<u>6,051,672</u>	<u>11,866,069</u>	<u>17,501,522</u>

D J Wykes has a loan account balance of £4,095,989 (2012: £4,095,989) due from the group at the year end. This loan attracts 8% interest per annum and is repayable without notice.

At 31 August the company owed £50,000 (2012: £50,000) to Mr K J Wykes, a relation of D J Wykes. This loan does not attract any interest and is repayable without notice.

At 31 August the company owed £72,477 (2012: £72,477) to Mrs E J Wykes. Interest was charged on this loan at a rate of 8% and the loan is repayable without notice.

The company has exercised the right to the FRS 8 exemptions not to disclose transactions with its subsidiary company, Wykes Engineering Europe Limited

## Notes to the Financial Statements

For the year ended 31 August 2013

### **26. Controlling party**

Mr D J Wykes is the group's controlling related party by virtue of his office and shareholding in the company.