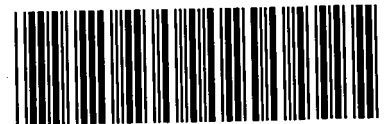


Advanced Engineering Techniques Limited
Financial statements
31 October 2013

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COMPANIES HOUSE

HARRIS & CO LIMITED
Chartered Accountants & Statutory Auditor
Marland House
13 Huddersfield Road
Barnsley
South Yorkshire
S70 2LW

Advanced Engineering Techniques Limited

Financial statements

Year ended 31 October 2013

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Advanced Engineering Techniques Limited

Officers and professional advisers

The board of directors

Mr S Woollen
Mr A J Richards
Mr R Copeland
Mr D Birch
Mrs E Spencer
Mrs A M Copeland

Company secretary

Mrs A M Copeland

Registered office

Marland House
13 Huddersfield Road
Barnsley
South Yorkshire
S70 2LW

Auditor

Harris & Co Limited
Chartered Accountants
& Statutory Auditor
Marland House
13 Huddersfield Road
Barnsley
South Yorkshire
S70 2LW

Advanced Engineering Techniques Limited

Strategic report

Year ended 31 October 2013

The directors present their strategic report for the year ended 31 October 2013.

Business overview

The principal activity of the company is that of laser engineers, component producers and fabricator.

Markets, performance, objectives and strategy

For the fourth successive year, the company has benefitted from a significant improvement in sales. The policy of long-term capital investment and maintaining relationships with key customers over prior years combined with competitive pricing, quality assured supply and high service levels meant that the business directly benefitted from the improvement in demand in all key markets.

As a result turnover increased by £1,892,883, up by 24% to £9,830,466. With ongoing tight control of costs and further productivity gains this resulted in profit before tax of £595,945 (2012: £449,718) and profit after tax of £512,251 (2012: £386,861) despite competitive markets. After tax and dividends £292,251 (2012: £201,861) has been added to reserves.

Whilst markets remain competitive, the improvements seen in 2012 were maintained throughout 2013 and into 2014 to date, to the benefit of the business. At the same time relationships with existing and potentially new significant customers continue to develop.

The business environment in which we operate however will continue to remain competitive and challenging. Due regard is given to these risks and uncertainties and the necessary actions are taken for planning the future development of the business including ongoing investment in state of the art production facilities.

Risks

The company's operations expose it to a variety of financial risks that include the effects of price risk, credit risk, liquidity risk and interest rate risk. The company does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied.

The board of directors is responsible for monitoring financial risk and for deciding where it would be appropriate to use financial instruments to manage this risk.

Price risk

The company has no exposure to equity securities price risk as it holds no listed or other equity investments.

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before credit sales are made.

Liquidity risk

The company actively maintains a mixture of long-term and short term debt and in particular bank overdraft and invoice discounting finance and funding by connected companies, that is designed to ensure that the company has sufficient available funds for its operations.

Interest rate cashflow risk

The company has interest bearing liabilities by way of bank loans and overdrafts, and therefore is exposed to interest rate cashflow risk. The board of directors regularly review the level and mix of debt to manage interest rate risk.

Advanced Engineering Techniques Limited

Strategic report *(continued)*

Year ended 31 October 2013

Key performance indicators

We consider that our key performance indicators are those that communicate the financial performance and strength of the group as a whole, these being turnover and gross margin.

Signed on behalf of the directors

A handwritten signature in black ink, appearing to read 'E Spencer', written over a horizontal line.

Mrs E Spencer
Director

Approved by the directors on 2 July 2014

Advanced Engineering Techniques Limited

Directors' report

Year ended 31 October 2013

The directors present their report and the financial statements of the company for the year ended 31 October 2013.

Results and dividends

The profit for the year, after taxation, amounted to £512,251. Particulars of dividends paid are detailed in note 8 to the financial statements.

Directors

The directors who served the company during the year were as follows:

Mr S Woollen
Mr A J Richards
Mr R Copeland
Mr D Birch
Mrs E Spencer
Mrs A M Copeland

Mr S Woollen was appointed as a director on 6 April 2013.

Mr A J Richards was appointed as a director on 6 April 2013.

Directors' responsibilities

The directors are responsible for preparing the Strategic Report, 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 company and of the profit or loss of the company for that year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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.

Advanced Engineering Techniques Limited

Directors' report *(continued)*

Year ended 31 October 2013

Auditor

On 5 April 2014 Harrisaccounts LLP, the then auditors of the company, transferred its business, trade, assets and clients to Harris & Co Limited. Harrisaccounts LLP resigned as auditors and Harris & Co Limited were appointed new auditors of the company and are deemed to be re-appointed under section 487 (2) of the Companies Act 2006. On the resignation of Harrisaccounts LLP there were no circumstances connected with them ceasing to hold office that should be brought to the attention of the company's members or creditors.

Each of the persons who is a director at the date of approval of this report confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each director has taken all 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.

Signed on behalf of the directors



Mrs E Spencer
Director

Approved by the directors on 2 July 2014

Advanced Engineering Techniques Limited

Independent auditor's report to the shareholders of Advanced Engineering Techniques Limited

Year ended 31 October 2013

We have audited the financial statements of Advanced Engineering Techniques Limited for the year ended 31 October 2013 which comprise the Profit and Loss Account, Balance Sheet, Cash Flow Statement 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 shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 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 annual 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:

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

Opinion on other matter prescribed by the Companies Act 2006

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

Advanced Engineering Techniques Limited

Independent auditor's report to the shareholders of Advanced Engineering Techniques Limited (continued)

Year ended 31 October 2013

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.

Kenacounts CV

PAUL HINCHLIFFE BA FCA (Senior Statutory Auditor)

For and on behalf of

HARRIS & CO LIMITED

Chartered Accountants & Statutory Auditor

Marland House

13 Huddersfield Road

Barnsley

South Yorkshire

S70 2LW

Date *24 July* *2014*

Advanced Engineering Techniques Limited

Profit and loss account

Year ended 31 October 2013

	Note	2013 £	2012 £
Turnover	2	9,830,466	7,937,583
Cost of sales		(8,034,905)	(6,411,636)
Gross profit		1,795,561	1,525,947
Administrative expenses		(1,112,010)	(941,560)
Operating profit	3	683,551	584,387
Interest payable and similar charges	6	(87,606)	(134,669)
Profit on ordinary activities before taxation		595,945	449,718
Tax on profit on ordinary activities	7	(83,694)	(62,857)
Profit for the financial year		512,251	386,861

All of the activities of the company are classed as continuing.

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

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

Advanced Engineering Techniques Limited

Balance sheet

31 October 2013

	Note	£	2013 £	£	2012 £
Fixed assets					
Intangible assets	9		218,726		251,269
Tangible assets	10		<u>2,526,426</u>		<u>1,660,076</u>
			2,745,152		1,911,345
Current assets					
Stocks	11	479,154		601,409	
Debtors	12	2,993,484		2,227,039	
Cash at bank and in hand		<u>47,519</u>		<u>313</u>	
			3,520,157	2,828,761	
Creditors: Amounts falling due within one year	13	<u>(4,086,555)</u>		<u>(3,094,522)</u>	
Net current liabilities			(566,398)		(265,761)
Total assets less current liabilities			<u>2,178,754</u>		<u>1,645,584</u>
Creditors: Amounts falling due after more than one year	14		(745,470)		(536,288)
Provisions for liabilities					
Deferred taxation	16		<u>(178,162)</u>		<u>(146,425)</u>
			<u>1,255,122</u>		<u>962,871</u>
Capital and reserves					
Called-up equity share capital	21		75		75
Other reserves	22		25		25
Profit and loss account	23		<u>1,255,022</u>		<u>962,771</u>
Shareholders' funds	24		<u>1,255,122</u>		<u>962,871</u>

These accounts were approved by the directors and authorised for issue on 2 July 2014, and are signed on their behalf by:



Mr D Birch
Director

Company Registration Number: 02427380

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

Advanced Engineering Techniques Limited

Cash flow statement

Year ended 31 October 2013

	Note	£	2013 £	£	2012 £
Net cash inflow from operating activities	25		885,673		696,384
Returns on investments and servicing of finance	25		(87,606)		(134,669)
Taxation	25		(75,975)		(59,031)
Capital expenditure and financial investment	25		(1,137,786)		(162,575)
Equity dividends paid			(220,000)		(185,000)
Cash (outflow)/inflow before financing			<u>(635,694)</u>		<u>155,109</u>
Financing	25		378,966		(299,951)
Decrease in cash	25		<u>(256,728)</u>		<u>(144,842)</u>

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

Advanced Engineering Techniques Limited

Notes to the financial statements

Year ended 31 October 2013

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Turnover

Turnover represents amounts earned on goods and services provided during the year and derives from the provision of goods falling within the company's ordinary activities.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Capitalised patent costs are amortised at 10% per annum on a straight line basis.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold Property	- straight line over 50 years
Plant & Machinery	- 15% Per annum on reducing balance
Fixtures & Fittings	- 15% Per annum on reducing balance
Motor Vehicles	- 25% Per annum on reducing balance

Stocks

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

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Hire purchase agreements

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce constant period rates of charge on the net obligations outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Advanced Engineering Techniques Limited

Notes to the financial statements

Year ended 31 October 2013

1. Accounting policies *(continued)*

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Going concern

For the fourth successive year, the company's trading results improved with turnover increasing by £1,893k (up 24%) and profit before tax by £146k (33%) to £596k.

This significantly improved trading performance has required additional working capital investment, and at 31 October 2013, net current liabilities were £566k (2012: £266k) including bank borrowings of £1,721k (2012: £1,421k). Amounts were also owed to a connected company, Holbrook Property Company Limited totalling £107k (2012: £122k) due in more than one year.

New capital plant purchases as part of the programme of maintaining state of the art facilities resulted in finance lease and hire purchase creditors of £337k (2012: £164k) and £638k (2012: £329k) respectively due within and after more than one year.

As noted in the directors' report the company meets its day to day working capital needs through bank borrowing facilities together with borrowings from connected companies. The bank has been supportive throughout the year and remains so, and significantly increased its facilities last year to reflect the company's increased activity levels.

The company prepares regular financial forecasts for periodic review with its bank which continues to make adequate facilities available to support the working capital needs going forward. Combined with the ongoing support of Holbrook, the company's forecasts continue to project adequate facilities to meet future ongoing requirements. The directors will continue to make any necessary response to any changes in the external environment that would threaten this position.

On this basis the directors believe it is appropriate to continue to prepare the accounts on a going concern basis.

Deferred government grants

Grants are credited to deferred revenue. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

Advanced Engineering Techniques Limited

Notes to the financial statements

Year ended 31 October 2013

1. Accounting policies *(continued)*

Patents

Capitalised patent costs are either amortised at 10% per annum on a straight line basis or written off immediately where the patent has lapsed.

2. 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 £	2012 £
United Kingdom	<u>9,830,466</u>	<u>7,937,583</u>

3. Operating profit

Operating profit is stated after charging/(crediting):

	2013 £	2012 £
Amortisation of intangible assets	32,543	34,202
Depreciation of owned fixed assets	82,473	75,111
Depreciation of assets held under hire purchase agreements	198,779	151,984
(Profit)/Loss on disposal of fixed assets	(9,816)	72
Operating lease costs:		
- Plant and equipment	5,504	5,804
- Other	159,781	154,656
Auditor's remuneration - audit of the financial statements	13,250	12,750
Auditor's remuneration - other fees	<u>10,450</u>	<u>5,200</u>

	2013 £	2012 £
Auditor's remuneration - audit of the financial statements	<u>13,250</u>	<u>12,750</u>

Auditor's remuneration - other fees:

- Taxation services	1,025	950
- other	<u>9,425</u>	<u>4,250</u>
	<u>10,450</u>	<u>5,200</u>

Advanced Engineering Techniques Limited

Notes to the financial statements

Year ended 31 October 2013

4. Particulars of employees

The average number of staff employed by the company during the financial year amounted to:

	2013 No	2012 No
Sales, design and manufacturing staff	118	101
Administrative staff and directors	11	11
	<u>129</u>	<u>112</u>

The aggregate payroll costs of the above were:

	2013 £	2012 £
Wages and salaries	2,742,131	2,299,635
Social security costs	242,515	209,520
	<u>2,984,646</u>	<u>2,509,155</u>

5. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services were:

	2013 £	2012 £
Remuneration receivable	<u>83,591</u>	<u>108,361</u>

6. Interest payable and similar charges

	2013 £	2012 £
Interest payable on bank borrowing	51,583	40,870
Finance charges	36,023	37,132
Other similar charges payable	—	56,667
	<u>87,606</u>	<u>134,669</u>

Advanced Engineering Techniques Limited

Notes to the financial statements

Year ended 31 October 2013

7. Taxation on ordinary activities

(a) Analysis of charge in the year

	2013 £	2012 £
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year	51,957	80,816
Over/under provision in prior year	-	(4,678)
Total current tax	<u>51,957</u>	<u>76,138</u>
Deferred tax:		
Origination and reversal of timing differences (note 16)		
Capital allowances	31,737	(13,281)
Tax on profit on ordinary activities	<u>83,694</u>	<u>62,857</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 23% (2012 - 24%).

	2013 £	2012 £
Profit on ordinary activities before taxation	<u>595,945</u>	<u>449,718</u>
Profit on ordinary activities by rate of tax	137,067	107,932
Expenses not deductible for tax purposes	-	3,543
Depreciation for the period (less than)/ in excess of capital allowances	(49,371)	8,271
Research and development enhancement	(32,386)	(36,907)
Adjustments to tax charge in respect of previous periods	-	(4,678)
Marginal rate relief	(4,348)	(4,889)
Effect of rate of tax higher than standard during the year	995	2,866
Total current tax (note 7(a))	<u>51,957</u>	<u>76,138</u>

Advanced Engineering Techniques Limited

Notes to the financial statements

Year ended 31 October 2013

8. Dividends

Equity dividends

	2013 £	2012 £
Ordinary A shares	12,000	12,000
Ordinary B shares	48,000	48,000
Ordinary C shares	60,000	65,000
Ordinary D shares	100,000	60,000
	<u>220,000</u>	<u>185,000</u>

9. Intangible fixed assets

	Patents £
Cost	
At 1 November 2012 and 31 October 2013	<u>341,906</u>
Amortisation	
At 1 November 2012	90,637
Charge for the year	<u>32,543</u>
At 31 October 2013	<u>123,180</u>
Net book value	
At 31 October 2013	<u>218,726</u>
At 31 October 2012	<u>251,269</u>

Advanced Engineering Techniques Limited

Notes to the financial statements

Year ended 31 October 2013

10. Tangible fixed assets

	Leasehold Property £	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Total £
Cost					
At 1 November 2012	586,664	2,579,310	132,391	60,017	3,358,382
Additions	55,183	1,110,231	7,863	–	1,173,277
Disposals	–	(46,200)	–	(15,188)	(61,388)
At 31 October 2013	641,847	3,643,341	140,254	44,829	4,470,271
Depreciation					
At 1 November 2012	132,886	1,480,425	57,043	27,952	1,698,306
Charge for the year	11,671	243,878	17,687	8,016	281,252
On disposals	–	(28,890)	–	(6,823)	(35,713)
At 31 October 2013	144,557	1,695,413	74,730	29,145	1,943,845
Net book value					
At 31 October 2013	497,290	1,947,928	65,524	15,684	2,526,426
At 31 October 2012	453,778	1,098,885	75,348	32,065	1,660,076

Hire purchase agreements

Included within the net book value of £2,526,426 is £1,601,720 (2012 - £863,948) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £198,779 (2012 - £151,984).

11. Stocks

	2013 £	2012 £
Raw materials	31,103	60,251
Work in progress	356,445	425,189
Finished goods	91,606	115,969
	479,154	601,409

Advanced Engineering Techniques Limited

Notes to the financial statements

Year ended 31 October 2013

12. Debtors

	2013 £	2012 £
Trade debtors	2,236,567	1,575,655
Other debtors	691,562	598,502
Directors current accounts	15,505	6,745
Prepayments and accrued income	49,850	46,137
	<u>2,993,484</u>	<u>2,227,039</u>

Included in other debtors are amounts owed by connected companies (Advanced Turf Technology Limited - see note 19) and are shown as receivable in less than one year as technically the debt is repayable on demand. Certain of the company's directors are also shareholders of Advanced Turf Technology Limited. In the view of the company's directors, the debt will be collected in full, but the directors have agreed that it will be repaid as the connected company's cashflow allows, which is unlikely to be within 12 months of the balance sheet date.

13. Creditors: Amounts falling due within one year

	2013 £	2012 £
Bank loans and overdrafts	1,720,671	1,420,670
Trade creditors	1,494,414	1,152,977
Taxation and social security	291,057	324,191
Hire purchase agreements	337,310	163,593
Other creditors	10,056	9,696
Directors current accounts	13,440	501
Accruals and deferred income	219,607	22,894
	<u>4,086,555</u>	<u>3,094,522</u>

The bank overdrafts are secured by a fixed charge over the assets of the company including outstanding sales invoices.

14. Creditors: Amounts falling due after more than one year

	2013 £	2012 £
Bank loans	—	11,799
Hire purchase agreements	638,303	329,408
Other creditors	107,167	121,818
Directors' loan accounts	—	73,263
	<u>745,470</u>	<u>536,288</u>

The hire purchase creditors are secured on the assets to which they relate.

Advanced Engineering Techniques Limited

Notes to the financial statements

Year ended 31 October 2013

15. Commitments under hire purchase agreements

Future commitments under hire purchase agreements are as follows:

	2013 £	2012 £
Amounts payable within 1 year	337,310	163,593
Amounts payable between 1 and 2 years	266,242	159,788
Amounts payable between 3 and 5 years	372,061	169,620
	<u>975,613</u>	<u>493,001</u>
Hire purchase agreements are analysed as follows:		
Current obligations	337,310	163,593
Non-current obligations	638,303	329,408
	<u>975,613</u>	<u>493,001</u>

16. Deferred taxation

The movement in the deferred taxation provision during the year was:

	2013 £	2012 £
Provision brought forward	146,425	159,706
Profit and loss account movement arising during the year	31,737	(13,281)
Provision carried forward	<u>178,162</u>	<u>146,425</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2013 £	2012 £
Excess of taxation allowances over depreciation on fixed assets	178,162	146,425
	<u>178,162</u>	<u>146,425</u>

Advanced Engineering Techniques Limited

Notes to the financial statements

Year ended 31 October 2013

17. Commitments under operating leases

At 31 October 2013 the company had annual commitments under non-cancellable operating leases as set out below.

	2013		2012	
	Land and buildings £	Other Items £	Land and buildings £	Other Items £
Operating leases which expire:				
Within 1 year	-	-	-	1,179
Within 2 to 5 years	-	-	-	22,862
After more than 5 years	153,000	-	153,000	-
	<u>153,000</u>	<u>-</u>	<u>153,000</u>	<u>24,041</u>

18. Transactions with directors

Advances to directors

The following directors had interest free loans during the year and the movements thereon during the year were:

D Birch, amount owed at 31 October 2013 was £14,137 (2012: £5,377), an increase in the year of £8,760, and the maximum outstanding during the year was £14,137. This balance was fully repaid in July 2014.

R Copeland, amount owed at 31 October 2013 was £1,368 (2012: £1,368), a movement of nil in the year and the maximum outstanding during the year was £1,368.

Advanced Engineering Techniques Limited

Notes to the financial statements

Year ended 31 October 2013

19. Related party transactions

The directors consider the following to be related parties:

Directors and their spouses

Mrs A M Copeland who is a 17.3% shareholder in the company.

Mr R Copeland who is a 33.3% shareholder in the company, and Mrs S Copeland his spouse.

Mr D Birch who is a 33.3% shareholder in the company, and Mrs G Birch his spouse.

Mrs E Spencer, a director of the company.

The Holbrook Property Company Limited

A company in which Mr R Copeland and Mr D Birch are directors and each hold 25% of the issued share capital.

Advanced Turf Technology Limited

A company in which Mrs A M Copeland is a director and Mr D Birch is a minority shareholder.

The following transactions took place with related parties during the year at arms length and on normal commercial terms:

During the year, dividends were paid to the directors of £220,000 (2012: £185,000).

The Holbrook Property Company Limited

£153,000 (2012: £153,000) was charged by The Holbrook Property Company Limited for the rent of premises.

Advanced Turf Technology Limited

£174,147 (2012: £180,549) was charged to Advanced Turf Technology Limited by the company for machine sales.

The following balances were owed to or due from related parties at the balance sheet date:

Included in creditors due after one year (note 14)

A total of £107,167 (2012: £121,818), which was all due to The Holbrook Property Company Limited.

Included in creditors due within one year (note 13)

A total of £10,056 (2012: £9,696) due to The Holbrook Property Company Limited.

Included in debtors (note 12)

A total of £683,856 (2012: £590,889) due from Advanced Turf Technology Limited.

20. Controlling interest

There is no ultimate controlling party.

Advanced Engineering Techniques Limited

Notes to the financial statements

Year ended 31 October 2013

21. Share capital

Allotted, called up and fully paid:

	2013		2012	
	No	£	No	£
Ordinary A shares of £1 each	13	13	13	13
Ordinary B shares of £1 each	12	12	12	12
Ordinary C shares of £1 each	25	25	25	25
Ordinary D shares of £1 each	25	25	25	25
	<u>75</u>	<u>75</u>	<u>75</u>	<u>75</u>

22. Other reserves

	2013 £	2012 £
Capital redemption reserve	<u>25</u>	<u>25</u>

23. Profit and loss account

	2013 £	2012 £
Balance brought forward	962,771	760,910
Profit for the financial year	512,251	386,861
Equity dividends	(220,000)	(185,000)
Balance carried forward	<u>1,255,022</u>	<u>962,771</u>

24. Reconciliation of movements in shareholders' funds

	2013 £	2012 £
Profit for the financial year	512,251	386,861
Equity dividends	(220,000)	(185,000)
Net addition to shareholders' funds	<u>292,251</u>	<u>201,861</u>
Opening shareholders' funds	962,871	761,010
Closing shareholders' funds	<u>1,255,122</u>	<u>962,871</u>

Advanced Engineering Techniques Limited

Notes to the financial statements

Year ended 31 October 2013

25. Notes to the cash flow statement

Reconciliation of operating profit to net cash inflow from operating activities

	2013 £	2012 £
Operating profit	683,551	584,387
Amortisation	32,543	34,202
Depreciation	281,252	227,095
(Profit)/Loss on disposal of fixed assets	(9,816)	72
Decrease/(increase) in stocks	122,255	(147,652)
Increase in debtors	(766,445)	(231,218)
Increase in creditors	542,333	229,498
Net cash inflow from operating activities	<u>885,673</u>	<u>696,384</u>

Returns on investments and servicing of finance

	2013 £	2012 £
Interest paid	(51,583)	(97,537)
Interest element of hire purchase	(36,023)	(37,132)
Net cash outflow from returns on investments and servicing of finance	<u>(87,606)</u>	<u>(134,669)</u>

Taxation

	2013 £	2012 £
Taxation	<u>(75,975)</u>	<u>(59,031)</u>

Capital expenditure

	2013 £	2012 £
Payments to acquire intangible fixed assets	–	(11,708)
Payments to acquire tangible fixed assets	(1,173,277)	(156,517)
Receipts from sale of fixed assets	35,491	5,650
Net cash outflow from capital expenditure	<u>(1,137,786)</u>	<u>(162,575)</u>

Advanced Engineering Techniques Limited

Notes to the financial statements

Year ended 31 October 2013

25. Notes to the cash flow statement *(continued)*

Financing

	2013 £	2012 £
Repayment of bank loans	(15,732)	(15,732)
Capital element of hire purchase	482,612	(184,071)
Net outflow from other long-term creditors	(14,651)	(152,144)
Repayment of directors' long-term loans	(73,263)	51,996
Net cash inflow/(outflow) from financing	<u>378,966</u>	<u>(299,951)</u>

Reconciliation of net cash flow to movement in net debt

	2013 £	2012 £
Decrease in cash in the period	(256,728)	(144,842)
Net cash outflow from bank loans	15,732	15,732
Cash outflow in respect of hire purchase	(482,612)	184,071
Net cash outflow from other long-term creditors	14,651	152,144
Cash outflow from/(inflow) from directors' long-term loans	<u>73,263</u>	<u>(51,996)</u>
	(635,694)	155,109
Change in net debt	(635,694)	155,109
Net debt at 1 November 2012	<u>(2,120,238)</u>	<u>(2,275,347)</u>
Net debt at 31 October 2013	<u>(2,755,932)</u>	<u>(2,120,238)</u>

Advanced Engineering Techniques Limited

Notes to the financial statements

Year ended 31 October 2013

25. Notes to the cash flow statement *(continued)*

Analysis of changes in net debt

	At 1 Nov 2012 £	Cash flows £	At 31 Oct 2013 £
Net cash:			
Cash in hand and at bank	313	47,206	47,519
Overdrafts	(1,404,938)	(303,934)	(1,708,872)
	<u>(1,404,625)</u>	<u>(256,728)</u>	<u>(1,661,353)</u>
Debt:			
Debt due within 1 year	(15,732)	3,933	(11,799)
Debt due after 1 year	(206,880)	99,713	(107,167)
Hire purchase agreements	(493,001)	(482,612)	(975,613)
	<u>(715,613)</u>	<u>(378,966)</u>	<u>(1,094,579)</u>
Net debt	<u>(2,120,238)</u>	<u>(635,694)</u>	<u>(2,755,932)</u>