
AGR AUTOMATION LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

THURSDAY



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COMPANIES HOUSE

AGR AUTOMATION LIMITED

COMPANY INFORMATION

DIRECTORS	R D S Gaston Mrs S M Gaston (appointed 12 March 2013)
COMPANY SECRETARY	Mrs S M Gaston
REGISTERED NUMBER	03994849
REGISTERED OFFICE	49 Brook Lane Corfe Mullen Wimborne Dorset England BH21 3RD
TRADING ADDRESS	Elliot Industrial Estate Arbroath DD11 2NJ
INDEPENDENT AUDITORS	Nexia Smith & Williamson Chartered Accountants & Statutory Auditor Imperial House 18-21 Kings Park Road Southampton Hampshire SO15 2AT
BANKERS	Clydesdale Bank plc Arbroath Angus DD11 1DP

AGR AUTOMATION LIMITED

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AGR AUTOMATION LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

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

PRINCIPAL ACTIVITIES

The principal activity of the company continued to focus on providing automation solutions for the medical device, pharmaceutical and personal care manufacturing industries although the company has continued to secure contracts with new clients in other high value manufacturing sectors

BUSINESS REVIEW

2013 has been AGR Automation's most positive financial year resulting from the record order book carried into 2013, this has resulted in revenue growth of 40% compared to 2012 and a record operating profit. The significant effort expended in securing large contracts with new clients and in advancing key anticipated future projects has resulted in continued order book growth, the company is now forecasting a period of continued growth over the next 5 years.

The continued strengthening of the underlying business activity through growing commitment from blue chip clients has allowed the company to continue to strengthen key skill areas through recruitment and plans for 2014 included a staffing increase of some 45%. In addition, the company has commenced plans to increase manufacturing space in Arbroath by 45% and to establish a new manufacturing unit in Northern Ireland. The business continues to be profitable and to strengthen its financial position.

Development of key client relationships remains a central part of the company's strategy and the company continues to experience an unprecedented level of large project business opportunities. In addition, the company is developing relationships with new clients as part of its strategy to develop a balanced portfolio of key high-end automation customers. AGR continues to review its strategic options to facilitate its ability to take on these increasing opportunities.

DIRECTORS

The directors who served during the year were

R D S Gaston
Mrs S M Gaston (appointed 12 March 2013)
Mrs J Kellard (resigned 3 April 2013)

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently,
- make judgments 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.

AGR AUTOMATION LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2013**

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.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director 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's auditors are aware of that information.

AUDITORS

The auditors, Nexia Smith & Williamson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf



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R D S Gaston
Director

Date 19 March 2014

AGR AUTOMATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AGR AUTOMATION LIMITED

We have audited the financial statements of AGR Automation Limited for the year ended 31 December 2013, which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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, 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

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 December 2013 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, 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.

AGR AUTOMATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AGR AUTOMATION 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, 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, or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and to take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Directors' Report

Nexia Smith & Williamson

Christopher Appleton (Senior Statutory Auditor)

for and on behalf of

Nexia Smith & Williamson

Chartered Accountants & Statutory Auditor

Imperial House
18-21 Kings Park Road
Southampton
Hampshire
SO15 2AT

Date *20/3/14*

AGR AUTOMATION LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2013**

	Note	2013 £	2012 £
TURNOVER	1	7,324,393	4,084,296
Cost of sales		<u>(5,500,140)</u>	<u>(3,660,021)</u>
GROSS PROFIT		1,824,253	424,275
Distribution costs		<u>(95,436)</u>	<u>(107,432)</u>
Administrative expenses		<u>(428,938)</u>	<u>(355,582)</u>
OPERATING PROFIT/(LOSS)	3	1,299,879	(38,739)
Interest receivable and similar income		6,553	5,255
Interest payable and similar charges	6	<u>(28,706)</u>	<u>(39,749)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		1,277,726	(73,233)
Tax on profit/(loss) on ordinary activities	7	<u>(153,456)</u>	<u>96,484</u>
PROFIT FOR THE FINANCIAL YEAR	16	<u>1,124,270</u>	<u>23,251</u>

The notes on pages 7 to 14 form part of these financial statements

AGR AUTOMATION LIMITED
REGISTERED NUMBER: 03994849

BALANCE SHEET
AS AT 31 DECEMBER 2013

	Note	£	2013 £	£	2012 £
FIXED ASSETS					
Tangible assets	8		768,443		775,049
CURRENT ASSETS					
Stocks	9	179,015		262,776	
Debtors	10	2,665,273		1,717,489	
Cash at bank and in hand		3,090,082		1,492,164	
		<u>5,934,370</u>		<u>3,472,429</u>	
CREDITORS , amounts falling due within one year	11	<u>(3,327,672)</u>		<u>(2,006,912)</u>	
NET CURRENT ASSETS			<u>2,606,698</u>		<u>1,465,517</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>3,375,141</u>		<u>2,240,566</u>
CREDITORS , amounts falling due after more than one year	12		(376,022)		(402,862)
PROVISIONS FOR LIABILITIES					
Deferred tax	13	(13,081)		-	
Other provisions	14	<u>(104,871)</u>		<u>(80,807)</u>	
			<u>(117,952)</u>		<u>(80,807)</u>
NET ASSETS			<u>2,881,167</u>		<u>1,756,897</u>
CAPITAL AND RESERVES					
Called up share capital	15		2		2
Profit and loss account	16		<u>2,881,165</u>		<u>1,756,895</u>
SHAREHOLDERS' FUNDS			<u>2,881,167</u>		<u>1,756,897</u>

The financial statements have been prepared in accordance with the provisions applicable to small companies within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

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

 19/3/14

R D S Gaston
Director

The notes on pages 7 to 14 form part of these financial statements

AGR AUTOMATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 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 the Financial Reporting Standard for Smaller Entities (effective April 2008)

1.2 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

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Freehold property	-	2% straight line
Land	-	Not depreciated
Plant & machinery	-	20 - 33% straight line
Motor vehicles	-	25% straight line
Computer and office equipment	-	33% straight line

1.4 Operating leases

Rentals under operating leases are charged to the Profit and Loss Account on a straight line basis over the lease term

1.5 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. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads

1.6 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 not discounted

AGR AUTOMATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

1. ACCOUNTING POLICIES (continued)

1 7 Research and development

Research and development expenditure, where it relates to customer contracts, is treated as part of regular contract costs and, where these are in progress at the year end, is included in long term contract balances in stocks. Other research and development expenditure is written off in the year in which it is incurred.

1 8 Long-term contracts

Revenue is recognised on long term contracts, if the final outcome can be assessed with reasonable certainty, by including in the Profit and Loss account turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which labour hours to date bear to total expected labour hours for that contract.

Amounts recoverable on long term contracts, which are included in debtors, are stated at the net sales value of the work done after provision for contingencies and anticipated future losses on contracts, less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account.

1.9 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 10 Warranties

The company's products are commonly sold with a warranty. During this period, the company warrants to repair the products in the event that they fail to work properly. The company makes provision for these potential costs as an estimated percentage of the net sales revenue which is then released (if unused) to the profit and loss account on a straight line basis over the period of the warranty. This provision is not discounted.

2. TURNOVER

94.8% of the company's turnover (2012 - 89.1%) is attributable to geographical markets outside the United Kingdom.

3. OPERATING PROFIT/(LOSS)

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

	2013 £	2012 £
Depreciation of tangible fixed assets		
- owned by the company	47,792	48,984
Auditors' remuneration	9,250	8,400
Pension costs	40,118	39,554
Profit on sale of tangible assets	-	(170)
Difference on foreign exchange	3,370	12,581
	<u> </u>	<u> </u>

AGR AUTOMATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

4. STAFF COSTS

Staff costs, including directors' remuneration, were as follows

	2013 £	2012 £
Wages and salaries	1,852,756	1,637,233
Social security costs	194,865	159,966
Other pension costs	40,118	39,554
	<u>2,087,739</u>	<u>1,836,753</u>

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

	2013 No.	2012 No.
Office/administration	25	25
Manufacturing	34	31
Directors	2	0
	<u>61</u>	<u>56</u>

5. DIRECTORS' REMUNERATION

	2013 £	2012 £
Aggregate remuneration	<u>63,820</u>	<u>-</u>

During the year retirement benefits were accruing to 1 director (2012 - NIL) in respect of defined contribution pension schemes

6. INTEREST PAYABLE

	2013 £	2012 £
On bank loans and overdrafts	25,336	26,896
On finance leases and hire purchase contracts	-	272
Foreign exchange losses	3,370	12,581
	<u>28,706</u>	<u>39,749</u>

AGR AUTOMATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

7. TAXATION

	2013 £	2012 £
Analysis of tax charge/(credit) in the year		
Current tax		
UK corporation tax charge/(credit) on profit/loss for the year	84,032	(27,802)
Deferred tax (see note 13)		
Origination and reversal of timing differences	69,424	(68,682)
Tax on profit/loss on ordinary activities	<u>153,456</u>	<u>(96,484)</u>

8. TANGIBLE FIXED ASSETS

	Freehold property £	Plant & machinery £	Motor vehicles £	Computer and office equipment £	Total £
Cost					
At 1 January 2013	742,660	142,160	17,230	131,321	1,033,371
Additions	-	29,315	4,500	7,371	41,186
At 31 December 2013	<u>742,660</u>	<u>171,475</u>	<u>21,730</u>	<u>138,692</u>	<u>1,074,557</u>
Depreciation					
At 1 January 2013	47,048	77,158	15,518	118,598	258,322
Charge for the year	14,856	21,058	630	11,248	47,792
At 31 December 2013	<u>61,904</u>	<u>98,216</u>	<u>16,148</u>	<u>129,846</u>	<u>306,114</u>
Net book value					
At 31 December 2013	<u>680,756</u>	<u>73,259</u>	<u>5,582</u>	<u>8,846</u>	<u>768,443</u>
At 31 December 2012	<u>695,612</u>	<u>65,002</u>	<u>1,712</u>	<u>12,723</u>	<u>775,049</u>

AGR AUTOMATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

9. STOCKS

	2013 £	2012 £
Raw materials	47,040	30,612
Finished goods and goods for resale	85,701	100,300
Long term contract balances	46,274	131,864
	<u>179,015</u>	<u>262,776</u>

Long term contract balances consist of

	2013 £	2012 £
Costs to date less provision for losses	<u>46,274</u>	<u>131,864</u>

10. DEBTORS

	2013 £	2012 £
Trade debtors	2,120,630	1,172,276
Deferred tax	-	56,343
Corporation tax	-	27,802
Other debtors	457,751	190,687
Amounts recoverable on long term contracts	86,892	270,381
	<u>2,665,273</u>	<u>1,717,489</u>

11. CREDITORS:

Amounts falling due within one year

	2013 £	2012 £
Bank loans and overdrafts	26,840	25,261
Payments received on account	1,601,681	1,482,102
Trade creditors	1,318,966	258,141
Corporation tax	84,032	-
Other taxation and social security	53,701	42,125
Other creditors	242,452	199,283
	<u>3,327,672</u>	<u>2,006,912</u>

AGR AUTOMATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

12. CREDITORS:
Amounts falling due after more than one year

	2013	2012
	£	£
Bank loans	376,022	402,862

Included within the above are amounts falling due as follows

	2013	2012
	£	£
Between one and two years		
Bank loans	28,403	26,840
Between two and five years		
Bank loans	96,758	90,954
Over five years		
Bank loans	250,861	285,068

Creditors include amounts not wholly repayable within 5 years as follows

	2013	2012
	£	£
Repayable by instalments	250,861	285,068

The bank loan is a 15 year mortgage secured on the premises which AGR Automation Limited occupy, it is repayable monthly at a fixed rate of 4.33% plus 1.25% above the base rate per annum

13. DEFERRED TAXATION

	2013	2012
	£	£
At beginning of year	-	12,339
Charge for/(released during) year (P&L)	13,081	(12,339)
At end of year	13,081	-

The provision for deferred taxation is made up as follows

	2013	2012
	£	£
Accelerated capital allowances	13,081	-

AGR AUTOMATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

14. PROVISIONS

	Product Warranties £
At 1 January 2013	80,807
Additions	24,064
At 31 December 2013	<u>104,871</u>

Warranty provision

The provision for product warranties relates to expected warranty claims on products sold in the last three years. It is expected that the majority of the expenditure will be incurred in the next financial year and that all will be incurred within three years of the balance sheet date.

15. SHARE CAPITAL

	2013 £	2012 £
Allotted, called up and fully paid		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

16. RESERVES

	Profit and loss account £
At 1 January 2013	1,756,895
Profit for the financial year	1,124,270
At 31 December 2013	<u>2,881,165</u>

17. PENSION COMMITMENTS

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £40,118 (2012: £39,554). There were no pension contributions accrued or prepaid at the balance sheet date (2012: £nil).

AGR AUTOMATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

18. OPERATING LEASE COMMITMENTS

At 31 December 2013 the company had annual commitments under non-cancellable operating leases as follows

	2013 £	2012 £
Expiry date.		
Within 1 year	568	-
Between 2 and 5 years	<u>1,227</u>	<u>1,454</u>

19. RELATED PARTY TRANSACTIONS

During the year, the company purchased a car from R D S Gaston, one of the directors, at market value of £4,500. There was nothing outstanding at the year end.

20. CONTROLLING PARTY

100% of the issued share capital of the company is owned by R D S Gaston and Mrs S M Gaston.