

Company number 981453

**Bowmill Engineering Ltd.**

**Directors' Report and  
Financial Statements**

**for the year ended  
31st December 2012**

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# **Bowmill Engineering Ltd.**

## **Contents**

**For the year ended 31st December 2012**

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	<b>Page</b>
<b>Directors' Report</b>	1 - 3
<b>Independent Auditors' Report</b>	4 - 5
<b>Consolidated Profit and Loss Account</b>	6
<b>Balance Sheets</b>	7
<b>Consolidated Cash Flow Statement</b>	8
<b>Notes to the Financial Statements</b>	9 - 24
<i>The following pages do not form part of the statutory accounts</i>	
<b>Consolidated Management Profit and Loss Account</b>	25 - 27

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# Bowmill Engineering Ltd.

## Directors' Report

For the year ended 31st December 2012

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The directors present their report together with the financial statements for the year ended 31st December 2012

### Principal Activities

The company's principal activity continued to be that of production and precision engineers in the aerospace industry. Its products include landing gear kits and assemblies, hydraulic actuation equipment, engine and oxygen components. The company's subsidiaries, Bowmill Metal Treatments Ltd and Taymar Precision Grinding Ltd specialise in the provision of metal treatments and precision grinding respectively. Its processing capabilities extend to a wide and diverse range of treatment disciplines including non destructive testing, anodising, cadmium plating and spray surface treatments.

### Results and Dividends

The results for the year are set out in the profit and loss account on page 6.

Dividends amounting to £145,000 (2011: £141,000) have been paid during the year. The directors do not recommend the payment of any further dividends in respect of the year.

### Principal Risks and Uncertainties

The company's and the group's range of customers is predominantly those operating within the aerospace industry, in a global market. In addition to the pressures of a competitive market, the group is subject to market forces that are outside its control as it is affected by factors relating to the aerospace industry worldwide. Such factors include changes in government regulations and policies, political changes that could lead to changes in the business environment in which the group operates, economic downturns and public confidence in and attitudes towards flying in the light of issues such as terrorism and global warming.

The group addresses these risks and uncertainties by actively seeking to expand its customer base and platforms for its products. It maintains its existing customer base by continually striving to provide a fully integrated service. In this way, it aims to minimise the effects of any downturn in the industry.

### Review of Business

The group saw a further satisfactory increase in turnover and profitability in 2012 as a result of new orders and further growth from Bowmill Metal Treatments. However margins continue to be subdued in a highly competitive marketplace.

The key financial highlights are as follows:

	2012	2011
	£	£
Group turnover	9,853,632	8,556,391
Group profit before tax	757,480	359,705

Having regard to the current marketplace, the directors are satisfied with the development and performance of the company and the group during the financial year and are encouraged by the healthy order book at the end of the financial year.

# Bowmill Engineering Ltd.

## Directors' Report

For the year ended 31st December 2012

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### Future Developments

The group has had two years of significant growth. Although the group continues to enjoy a satisfactory order input growth will be at a lower rate in 2013. Group turnover in the first half of 2013 is ahead of the comparative period last year. Efforts continue to be made to improve margins. The directors remain confident that the group is well placed to maintain the needs of customers in what is still a challenging market.

### Financial Instruments

The group's principal financial instruments comprise bank balances, bank overdrafts, advances re debt financing, trade creditors, trade debtors, loans and finance lease agreements. The main purpose of these instruments is to raise funds for the group's operations and to finance the group's operations.

Due to the nature of the financial instruments used by the group there is no exposure to price risk. The group's approach to managing other risks applicable to the financial instruments is shown below.

In respect of bank balances the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of an overdraft at floating rates of interest.

The company and its subsidiaries are lessees in respect of finance leased assets. The liquidity risk in respect of these is managed by ensuring that there are sufficient funds to meet the payments.

The group receives advances through the financing of its debts. These are subject to service fees and discount charges which are taken into account when the funds are made available. The liquidity risk is managed by the immediate transfer of funds to the finance house in respect of relevant debts upon receipt by the group.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits.

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

### Directors

The directors who served during the year were

D A Boucher

N J Epps

### Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the group and the parent company and of the profit or loss of the group for that year. In preparing these the directors are required to

- select suitable accounting policies and apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group or the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **Bowmill Engineering Ltd.**

## **Directors' Report**

**For the year ended 31st December 2012**

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### **Auditors**

In accordance with Section 485 of the Companies Act 2006, a resolution proposing that Stephenson & Co be reappointed as auditors will be put to the members

### **Disclosure of Information to Auditors**

The Board confirms, so far as the directors are aware, that

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

This report was approved by the board on 16th August 2013 and signed on its behalf



**D.A. Boucher**  
**Director**

# Independent Auditors' Report to the Members of Bowmill Engineering Ltd

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We have audited the financial statements of Bowmill Engineering Ltd for the year 31st December 2012 which comprise the Group Profit and Loss Account, the Group and Parent Company Balance Sheets, the Group 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 for the company's members, as a body, in accordance with sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters that we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

## **Respective Responsibilities of Directors and Auditors**

As explained more fully in the Directors' Responsibilities Statement (set out in the Directors' Report) 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 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 Practice's Board's Ethical Standards for Auditors.

## **Scope of the Audit of the Financial Statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any material misstatements or inconsistencies we consider the implications for our report.

## **Opinion**

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31st December 2012 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent Auditors' Report to the  
Members of Bowmill Engineering Ltd.

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**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's 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

**Christopher Bailey FCA (Senior statutory auditor)**  
for and on behalf of  
**Stephenson & Co**  
**Chartered Accountants and Statutory Auditor**

43, Poole Road,  
Westbourne,  
Bournemouth,  
BH4 9DN

Date 16th August 2013

# Bowmill Engineering Ltd.

## Consolidated Profit and Loss Account

For the year ended 31st December 2012

	Notes	2012 £	2011 £
<b>Group Turnover</b>	<b>2</b>	<b>9,853,632</b>	<b>8,556,391</b>
Cost of Sales		<u>(7,379,965)</u>	<u>(6,764,244)</u>
<b>Gross Profit</b>		<b>2,473,667</b>	<b>1,792,147</b>
Administrative Expenses		<u>(1,618,408)</u>	<u>(1,331,431)</u>
		<b>855,259</b>	<b>460,716</b>
Other Operating Income		-	<u>1,000</u>
<b>Group Operating Profit</b>	<b>3</b>	<b>855,259</b>	<b>461,716</b>
Interest Receivable		1	191
Interest Payable and Similar Charges	<b>5</b>	<u>(97,780)</u>	<u>(102,202)</u>
<b>Profit for the Year before Taxation</b>		<b>757,480</b>	<b>359,705</b>
Tax on Profit on Ordinary Activities	<b>6</b>	<u>(187,394)</u>	<u>(113,777)</u>
<b>Retained Profit for the Year</b>	<b>7 &amp; 17</b>	<u><b>570,086</b></u>	<u><b>245,928</b></u>

All amounts relate to continuing activities

There were no recognised gains or losses for 2012 or 2011 other than those included in the profit and loss account



**Bowmill Engineering Ltd.**

## Balance Sheets

As at 31st December 2012

	Notes	Group		Company	
		2012 £	2011 £	2012 £	2011 £
<b>Fixed Assets</b>					
Intangible assets	8	39,751	42,089	-	-
Tangible assets	9	2,724,195	2,907,610	1,664,216	1,676,361
Investments	10	3,000	3,000	311,205	311,205
		<u>2,766,946</u>	<u>2,952,699</u>	<u>1,975,421</u>	<u>1,987,566</u>
<b>Current Assets</b>					
Stocks	11	2,273,375	1,985,925	2,236,825	1,960,375
Debtors	12	1,793,408	2,162,066	1,367,740	1,842,159
Cash at bank and in hand		223,592	86,298	116,986	57,781
		<u>4,290,375</u>	<u>4,234,289</u>	<u>3,721,551</u>	<u>3,860,315</u>
<b>Creditors: Amounts Falling Due Within One Year</b>	13	<u>(3,531,934)</u>	<u>(3,809,767)</u>	<u>(3,211,315)</u>	<u>(3,815,945)</u>
<b>Net Current Assets</b>		<u>758,441</u>	<u>424,522</u>	<u>510,236</u>	<u>44,370</u>
<b>Total Assets Less Current Liabilities</b>		<u>3,525,387</u>	<u>3,377,221</u>	<u>2,485,657</u>	<u>2,031,936</u>
<b>Creditors: Amounts Falling Due After More Than One Year</b>	14	<u>(620,237)</u>	<u>(876,057)</u>	<u>(542,644)</u>	<u>(662,543)</u>
<b>Provisions for Liabilities and Charges</b>	15	<u>(356,400)</u>	<u>(377,500)</u>	<u>(123,200)</u>	<u>(134,400)</u>
		<u>2,548,750</u>	<u>2,123,664</u>	<u>1,819,813</u>	<u>1,234,993</u>
<b>Capital and Reserves</b>					
Called up share capital	16	30,000	30,000	30,000	30,000
Profit and loss account	17	2,518,750	2,093,664	1,789,813	1,204,993
<b>Equity Shareholders' Funds</b>	18	<u>2,548,750</u>	<u>2,123,664</u>	<u>1,819,813</u>	<u>1,234,993</u>

The financial statements were approved by the board on 16th August 2013 and signed on its behalf



D A Boucher  
Director

# Bowmill Engineering Ltd.

## Consolidated Cash Flow Statement

For the year ended 31st December 2012

	Notes	2012 £	2011 £
<b>Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities</b>			
Operating profit		855,259	461,716
Depreciation		537,836	537,099
(Profit)/Loss on sale of fixed assets		841	1,630
(Increase) in stocks		(287,450)	204,872
Decrease in debtors		368,658	(426,012)
(Decrease) in creditors		(15,370)	(134,883)
<b>Net cash inflow from operating activities</b>		<b>1,459,774</b>	<b>644,422</b>
<b>Cash Flow Statement</b>			
Net cash inflow from operating activities		1,459,774	644,422
Returns on investments and servicing of finance	20	(98,073)	(103,257)
Taxation		(113,627)	17,735
Capital expenditure	20	(352,924)	(402,056)
		895,150	156,844
Equity dividends paid		(145,000)	(141,000)
		750,150	15,844
Financing	20	(763,961)	387,681
<b>Increase in cash in the year</b>		<b>(13,811)</b>	<b>403,525</b>
<b>Reconciliation of Net Cash Flow to Movement in Net Funds</b>			
Increase in cash in the year	21	(13,811)	403,525
Cash movement from net debt and lease financing	21	763,961	(387,681)
<b>Movement in net funds in the year</b>		<b>750,150</b>	<b>15,844</b>
Net debt at 1st January 2012		(3,208,922)	(3,224,766)
<b>Net debt at 31st December 2012</b>	<b>21</b>	<b>(2,458,772)</b>	<b>(3,208,922)</b>

# Bowmill Engineering Ltd.

## Notes to the Accounts

For the year ended 31st December 2012

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### 1. Accounting Policies

#### Basis of Accounting

The group financial statements have been prepared under the historical cost convention and under the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410)

#### Consolidation

The group accounts have been prepared under the acquisition method of accounting and consolidate the results of the company and its subsidiary. As detailed in Note 10, a dormant associated company has been excluded from consolidation on the grounds that it has never traded and is not required to publish accounts. Uniform accounting policies have been used by the group companies and any profits or losses on intra-group transactions have been eliminated.

#### Turnover

Turnover is the total amount receivable by the group for goods supplied and services provided, excluding VAT and trade discounts.

#### Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life of 20 years.

#### Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at cost.

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets other than freehold land over their expected useful lives. The rates and periods generally applicable are:

Freehold buildings	over 60 years
Plant and machinery	15-20% on net book value
Fixtures and fittings	15-25% on net book value
Motor vehicles	25% on net book value

#### Investments

Fixed asset investments are stated at cost less provision for diminution in value.

# Bowmill Engineering Ltd.

## Notes to the Accounts

For the year ended 31st December 2012

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### Stocks

Stocks are stated at the lower of cost and net realisable value as follows -

Raw materials - purchase cost on a first-in, first-out basis

Work in progress and finished goods - cost of direct materials, labour and attributable overheads

### Deferred Taxation

Full provision is made for deferred taxation using the liability method in respect of differences between depreciation provided for in the accounts and the corresponding allowances for tax purposes, less other timing differences

### Foreign Currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. All other exchange differences are dealt with through the profit and loss account.

### Contribution to Pension Funds

The group operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

### Leased Assets

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

## 2 Turnover

Turnover and profit on ordinary activities before taxation are attributable to the principal activities of the group.

The geographical analysis of turnover is as follows:

	2012	2011
	£	£
UK	8,558,783	7,677,819
Europe	87,404	109,555
Rest of World	1,207,445	769,017
	<u>9,853,632</u>	<u>8,556,391</u>

# Bowmill Engineering Ltd.

## Notes to the Accounts

For the year ended 31st December 2012

### 3 Operating Profit

The operating profit is arrived at after charging/(crediting):	<b>2012</b>	<b>2011</b>
	£	£
Depreciation and other amounts written off intangible assets	<b>2,338</b>	2,338
Depreciation of owned assets	<b>213,363</b>	234,329
Depreciation of assets held under finance leases and hire purchase contracts	<b>322,135</b>	300,432
Loss/(Profit) on disposal of fixed assets	<b>841</b>	1,630
Loss on foreign currencies	<b>144</b>	556
Operating lease rentals		
- Land and buildings	<b>165,686</b>	158,913
- Plant and machinery	<b>7,424</b>	6,343
Auditors' remuneration		
- Audit	<b>7,900</b>	11,500
- Other services	<b>5,130</b>	5,200
Directors' remuneration	<b>123,658</b>	118,923
Defined pension scheme contributions	<b>196,114</b>	27,195

### 4 Directors and Employees

Staff costs, including directors' remuneration, were as follows

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Wages and salaries	<b>3,557,888</b>	3,205,934	<b>2,576,669</b>	2,335,691
Social security costs	<b>367,160</b>	332,170	<b>271,740</b>	249,336
Other pension costs	<b>196,114</b>	27,195	<b>188,893</b>	20,184
	<b>4,121,162</b>	3,565,299	<b>3,037,302</b>	2,605,211

The average weekly number of employees during the year was as follows

	Group		Company	
	2012	2011	2012	2011
	Number	Number	Number	Number
Production				
- Precision engineering	<b>62</b>	57	<b>62</b>	57
- Metal treatments	<b>28</b>	24	-	-
- Precision grinding	<b>6</b>	7	-	-
Administration	<b>26</b>	24	<b>20</b>	17
Directors	<b>2</b>	2	<b>2</b>	2
	<b>124</b>	114	<b>84</b>	76

# Bowmill Engineering Ltd.

## Notes to the Accounts

For the year ended 31st December 2012

### Directors and Employees (continued)

#### Directors' emoluments

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Emoluments (including benefits)	123,658	118,923	123,658	118,923
Directors' pension contributions under defined contribution schemes	170,750	-	170,750	-
	<u>294,408</u>	<u>118,923</u>	<u>294,408</u>	<u>118,923</u>

Retirement benefits were accruing to directors under schemes as follows

	Group		Company	
	Number	Number	Number	Number
Money purchase scheme	<u>2</u>	<u>1</u>	<u>2</u>	<u>1</u>

### 5. Interest Payable and Similar Charges

	2012	2011
	£	£
Bank loans and overdrafts	9,693	15,749
On loans repayable between two and five years	1,926	2,506
Debt financing repayable with five years, not by instalments	46,945	41,042
	<u>58,564</u>	<u>59,297</u>
Finance leases and hire purchase contracts	38,448	42,125
Other interest payable	768	780
	<u>97,780</u>	<u>102,202</u>

# Bowmill Engineering Ltd.

## Notes to the Accounts

For the year ended 31st December 2012

### 6 Taxation

	2012	2011
	£	£
Based on the profit for the year		
Corporation tax at 24 23% (2011 24 14%)	221,200	96,400
Over-provision in respect of previous years	(12,706)	(34,423)
	<u>208,494</u>	<u>61,977</u>
Deferred tax charge	(21,100)	51,800
	<u>187,394</u>	<u>113,777</u>

The taxation charge for the year is lower than the effective rate of corporation tax for the year. The difference is explained below

	2012	2011
	£	£
Profit on ordinary activities before taxation	<u>757,480</u>	<u>359,705</u>
Profit on ordinary activities at the applicable rate of corporation tax 24 23% (2011 24 14%)	183,600	86,900
<i>Effects of</i>		
Expenses not deductible for tax purposes	4,900	5,200
Capital allowances in excess of depreciation	32,500	3,900
Loss/(Profit) on disposal of fixed assets	200	400
Current tax charge	<u>221,200</u>	<u>96,400</u>

### 7 Profits of Holding Company

Of the profit for the financial year, a profit of £729,823 (2011 £177,760), after inter-group dividends of £500,000 (2011 £-), is dealt with in the accounts of Bowmill Engineering Ltd. The directors have taken advantage of the exemption available under section 408 of the Companies Act 2006 and not presented a profit and loss account for the company alone.

# Bowmill Engineering Ltd.

## Notes to the Accounts

For the year ended 31st December 2012

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### 8 Intangible Fixed Assets

	<u>Goodwill</u>
	£
<b>Cost</b>	
At 1st January 2012	46,765
At 31st December 2012	<u>46,765</u>
<b>Provision for Diminution in Value</b>	
At 1st January 2012	4,676
Charge for year	2,338
At 31st December 2012	<u>7,014</u>
<b>Net Book Value</b>	
At 31st December 2012	<u>39,751</u>
At 31st December 2011	<u>42,089</u>



# Bowmill Engineering Ltd.

## Notes to the Accounts

For the year ended 31st December 2012

### 9. Tangible Fixed Assets Group

	Freehold Land and Buildings	Plant and Machinery	Fixtures and Fittings	Motor Vehicles	Total
	£	£	£	£	£
<b>Cost</b>					
At 1st January 2012	348,331	5,749,774	139,694	60,376	6,298,175
Additions	-	218,476	20,094	114,437	353,007
Disposals	-	(1,157)	-	(1,000)	(2,157)
At 31st December 2012	<b>348,331</b>	<b>5,967,093</b>	<b>159,788</b>	<b>173,813</b>	<b>6,649,025</b>
<b>Depreciation</b>					
At 1st January 2012	129,390	3,162,160	75,882	23,133	3,390,565
On disposals	-	(816)	-	(417)	(1,233)
Charge for the year	5,227	496,599	12,959	20,713	535,498
At 31st December 2012	<b>134,617</b>	<b>3,657,943</b>	<b>88,841</b>	<b>43,429</b>	<b>3,924,830</b>
<b>Net Book Value</b>					
At 31st December 2012	<b>213,714</b>	<b>2,309,150</b>	<b>70,947</b>	<b>130,384</b>	<b>2,724,195</b>
At 31st December 2011	<b>218,941</b>	<b>2,587,614</b>	<b>63,812</b>	<b>37,243</b>	<b>2,907,610</b>

Assets held under finance leases originally cost £2,610,913 (2011 £2,530,865) and have a net book value of £1,500,682 (2011 £1,600,485) The depreciation provided in the year amounted to £322,135 (2011 £300,432)

# Bowmill Engineering Ltd.

## Notes to the Accounts

For the year ended 31st December 2012

### 9. Tangible Fixed Assets (continued) Company

	Freehold Land and Buildings	Plant and Machinery	Fixtures and Fittings	Motor Vehicles	Total
	£	£	£	£	£
<b>Cost</b>					
At 1st January 2012	348,331	3,909,024	113,471	58,577	4,429,403
Additions	-	189,206	17,637	114,437	321,280
Disposals	-	(1,157)	-	-	(1,157)
At 31st December 2012	<b>348,331</b>	<b>4,097,073</b>	<b>131,108</b>	<b>173,014</b>	<b>4,749,526</b>
<b>Depreciation</b>					
At 1st January 2012	129,390	2,538,977	62,675	22,000	2,753,042
On disposals	-	(816)	-	-	(816)
Charge for the year	5,227	297,833	9,331	20,693	333,084
At 31st December 2012	<b>134,617</b>	<b>2,835,994</b>	<b>72,006</b>	<b>42,693</b>	<b>3,085,310</b>
<b>Net Book Value</b>					
At 31st December 2012	<b>213,714</b>	<b>1,261,079</b>	<b>59,102</b>	<b>130,321</b>	<b>1,664,216</b>
At 31st December 2011	<b>218,941</b>	<b>1,370,047</b>	<b>50,796</b>	<b>36,577</b>	<b>1,676,361</b>

Assets held under finance leases originally cost £1,824,000 (2011 £1,773,222) and have a net book value of £1,071,596 (2011 £1,120,735) The depreciation provided in the year amounted to £242,200 (2011 £209,965)

# Bowmill Engineering Ltd.

## Notes to the Accounts

For the year ended 31st December 2012

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**10 Fixed Asset Investments  
Group**

	<b>Subsidiary Undertakings Shares</b>	<b>Associated Undertaking Investment</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>			
At 1st January 2012	-	3,000	3,000
At 31st December 2012	-	<b>3,000</b>	<b>3,000</b>
<b>Net Book Value</b>			
At 31st December 2012	-	<b>3,000</b>	<b>3,000</b>
At 31st December 2011	-	3,000	3,000

**Company**

<b>Cost</b>			
At 1st January 2012	308,205	3,000	311,205
At 31st December 2012	<b>308,205</b>	<b>3,000</b>	<b>311,205</b>
<b>Net Book Value</b>			
At 31st December 2012	<b>308,205</b>	<b>3,000</b>	<b>311,205</b>
At 31st December 2011	308,205	3,000	311,205

# Bowmill Engineering Ltd.

## Notes to the Accounts

For the year ended 31st December 2012

### 10 Fixed Asset Investments (continued)

The company holds 20% or more of the share capital of the following companies

Company	Country of incorporation	Nature of business	Class of Shares held	Proportion of shares held
<b>Subsidiary undertakings</b>				
Bowmill Metal Treatments Ltd	England & Wales	Metal treatments	Ordinary shares	100%
Taymar Precision Grinding Ltd	England & Wales	Precision grinding	Ordinary shares	100%
<b>Associated undertaking</b>				
HB Aerospace LLC	U S A	Aerospace industry	Voting units	49%

HB Aerospace LLC has been excluded from consolidation as it has never traded and is not currently required to publish its accounts

### 11 Stocks

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Raw materials and consumables	534,860	542,276	516,724	527,866
Work in progress and finished goods	1,738,515	1,443,649	1,720,101	1,432,509
	<u>2,273,375</u>	<u>1,985,925</u>	<u>2,236,825</u>	<u>1,960,375</u>

### 12. Debtors

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Trade debtors	1,382,046	1,782,192	996,824	1,490,274
Other debtors	17,435	49,441	17,435	43,587
Prepayments	101,138	55,558	60,692	33,423
Director's loan account (Note 27)	292,789	274,875	292,789	274,875
	<u>1,793,408</u>	<u>2,162,066</u>	<u>1,367,740</u>	<u>1,842,159</u>

Included under group trade debtors are debts amounting to £1,187,005 (2011 £1,705,457) subject to debt financing

Included under company trade debtors are debts amounting to £846,735 (2011 £1,435,343) subject to debt financing

# Bowmill Engineering Ltd.

## Notes to the Accounts

For the year ended 31st December 2012

### 13 Creditors' Amounts Falling Due Within One Year

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Bank overdrafts	596,654	445,549	579,709	445,549
Bank loan	30,619	29,838	30,619	29,838
Loan - Bowmill Engineering Ltd Pension Plan	26,524	19,713	-	-
Advances re debt financing	952,157	1,452,970	643,047	1,220,879
Finance agreements (Note 22)	456,173	471,093	320,778	307,325
Trade creditors	771,937	785,706	656,066	667,065
Amounts owed to group undertakings	-	-	607,571	784,012
Corporation tax	215,603	120,736	85,203	41,156
Other taxes and social security	317,586	241,426	178,160	136,563
Other creditors	9,527	92,777	7,728	87,113
Accruals	155,154	149,959	102,434	96,445
	<u>3,531,934</u>	<u>3,809,767</u>	<u>3,211,315</u>	<u>3,815,945</u>

The bank overdrafts and loan are secured by a debenture over all freehold and leasehold property, a first fixed charge over book and other debts, chattels, goodwill and uncalled capital, and a first floating charge over all assets and undertaking. In addition, an unlimited multilateral guarantee has been given by Bowmill Engineering Ltd and its subsidiaries, Bowmill Metal Treatments Ltd and Taymar Precision Grinding Ltd. Interest is charged at normal commercial rates.

The loan from Bowmill Engineering Ltd Pension Scheme is secured by a chattel mortgage over plant dated 11th June 2010. Interest is payable at a fixed rate of 3%.

Advances re debt financing are secured against trade debtors.

Obligations under finance agreements are secured against the respective fixed assets financed.

### 14. Creditors' Amounts Falling Due After More Than One Year

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Bank loan	36,752	67,381	36,752	67,381
Loan - Bowmill Engineering Ltd Pension Plan	31,584	51,867	-	-
Finance agreements (Note 22)	551,901	756,809	505,892	595,162
	<u>620,237</u>	<u>876,057</u>	<u>542,644</u>	<u>662,543</u>

# Bowmill Engineering Ltd.

## Notes to the Accounts

### For the year ended 31st December 2012

#### 15 Deferred Taxation

The movements in deferred taxation during the year are as follows

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
At 1st January 2012	377,500	325,700	134,400	106,000
Movement in the year	(21,100)	51,800	(11,200)	28,400
At 31st December 2012	<u>356,400</u>	<u>377,500</u>	<u>123,200</u>	<u>134,400</u>

Deferred taxation provided for in the accounts is set out below

	Amount Provided		Amount Provided	
	2012	2011	2012	2011
	£	£	£	£
Accelerated capital allowances	210,000	231,600	123,200	134,400
Chargeable gain held over	146,400	145,900	-	-
	<u>356,400</u>	<u>377,500</u>	<u>123,200</u>	<u>134,400</u>

#### 16 Called Up Share Capital

	Group and Company	
	2012	2011
	£	£
30,000 Allotted, called up and fully paid Ordinary Shares of £1 00 each	<u>30,000</u>	<u>30,000</u>

#### 17 Profit and Loss Account

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
At 1st January 2012	2,093,664	1,988,736	1,204,993	1,168,233
Retained Profit for the year	570,086	245,928	729,820	177,760
Equity dividends paid on ordinary shares	(145,000)	(141,000)	(145,000)	(141,000)
At 31st December 2012	<u>2,518,750</u>	<u>2,093,664</u>	<u>1,789,813</u>	<u>1,204,993</u>

# Bowmill Engineering Ltd.

## Notes to the Accounts

For the year ended 31st December 2012

### 18 Reconciliation of Shareholders' Funds

	2012 £	2011 £
Profit for the financial year	570,086	245,928
Dividends (Note 19)	(145,000)	(141,000)
Movement in the shareholders' funds	425,086	104,928
Opening shareholders' funds	2,123,664	2,018,736
Closing shareholders' funds	2,548,750	2,123,664

### 19 Dividends

	2012 £	2011 £
Dividends on equity shares.		
Ordinary shares - paid	145,000	141,000

### 20 Gross Cash Flows

	2012 £	2011 £
<b>Returns on Investments and Servicing of Finance</b>		
Interest received	1	191
Interest paid	(59,626)	(61,323)
Interest element of finance lease rental payments	(38,448)	(42,125)
	(98,073)	(103,257)
<b>Capital Expenditure</b>		
Payments to acquire tangible assets	(353,007)	(426,555)
Receipts from sales of tangible assets	83	24,499
	(352,924)	(402,056)
<b>Financing</b>		
Repayment of long term bank loan	(29,848)	(29,093)
Repayment of other long term loans	(13,472)	(23,772)
Movement in advances re debt financing	(500,813)	399,086
Capital element of finance lease payments	(219,828)	41,460
	(763,961)	387,681

# Bowmill Engineering Ltd.

## Notes to the Accounts

For the year ended 31st December 2012

### 21 Analysis of Changes in Net Funds

	Opening Balance	Cash Flows	Closing Balance
	£	£	£
Cash at bank and in hand	86,298	137,294	223,592
Overdrafts	(445,549)	(151,105)	(596,654)
	<u>(359,251)</u>	<u>(13,811)</u>	<u>(373,062)</u>
Debt due within one year	(1,502,521)	493,221	(1,009,300)
Debt due after one year	(119,248)	50,912	(68,336)
Finance leases	(1,227,902)	219,828	(1,008,074)
	<u>(2,849,671)</u>	<u>763,961</u>	<u>(2,085,710)</u>
<b>Net Funds</b>	<b><u>(3,208,922)</u></b>	<b><u>750,150</u></b>	<b><u>(2,458,772)</u></b>

### 22. Obligations Under Finance Agreements

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Obligations under finance agreements are analysed				
Payments due within one year	458,796	477,300	320,778	307,325
Payments due between two and five years	552,727	760,257	505,892	595,162
	<u>1,011,523</u>	<u>1,237,557</u>	<u>826,670</u>	<u>902,487</u>
Less Finance charges included above	(3,449)	(9,655)	-	-
	<u>1,008,074</u>	<u>1,227,902</u>	<u>826,670</u>	<u>902,487</u>
Shown in Balance Sheet				
Current liabilities	456,173	471,093	320,778	307,325
Creditors falling due after more than one year	551,901	756,809	505,892	595,162
	<u>1,008,074</u>	<u>1,227,902</u>	<u>826,670</u>	<u>902,487</u>



# Bowmill Engineering Ltd.

## Notes to the Accounts

For the year ended 31st December 2012

### 23 Operating Lease Commitments

#### Group

At 31st December 2012 the group had annual commitments under non-cancellable operating leases as set out below

	Land and Buildings		Other		Total	
	2012	2011	2012	2011	2012	2011
	£	£	£	£	£	£
Operating leases which expire						
Within one year	-	-	-	5,285	-	5,285
Between two and five years	117,800	117,800	-	-	117,800	117,800
	<u>117,800</u>	<u>117,800</u>	<u>-</u>	<u>5,285</u>	<u>117,800</u>	<u>123,085</u>

#### Company

At 31st December 2012 the company had annual commitments under non-cancellable operating leases as set out below

	Land and Buildings		Other		Total	
	2012	2011	2012	2011	2012	2011
	£	£	£	£	£	£
Operating leases which expire						
Between two and five years	85,000	85,000	-	-	85,000	85,000
	<u>85,000</u>	<u>85,000</u>	<u>-</u>	<u>-</u>	<u>85,000</u>	<u>85,000</u>

### 24. Capital Commitments

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£

Details of capital commitments at the balance sheet date are as follows

Contracted for but not provided in the financial statements	<u>53,844</u>	<u>29,270</u>	<u>53,844</u>	<u>-</u>
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### 25. Contingent Liabilities

#### Company

The company is acting as guarantor in respect of a property lease in the name of its subsidiary company, Bowmill Metal Treatments Ltd. The annual rent is currently £47,000.

The company has also guaranteed finance agreements amounting to £128,222 at the balance sheet date and the bank overdrafts of its subsidiaries.

The guarantees are not expected to give rise to any financial loss.

# Bowmill Engineering Ltd.

## Notes to the Accounts

For the year ended 31st December 2012

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### 26. Pension Costs

The company and group operates a defined contribution pension scheme for the benefit of the employees and the directors. The assets of the scheme are administered by trustees in funds independent from those of the company.

#### Group

The total contributions payable in the year amounted to £196,114 (2011 £27,195)

Contributions totalling £5,824 (2011 £6,192) were payable to the scheme at the year end and are included in creditors

#### Company

The total contributions payable in the year amounted to £188,893 (2011 £20,184)

Contributions totalling £4,026 (2011 £3,187) were payable to the scheme at the year end and are included in creditors

### 27. Related Parties

The company is controlled by D A Boucher who is a director and major shareholder

During the year the company provided loans to directors as follows

D A Boucher The outstanding amounts were as follows beginning of year £274,875, end of year £292,789, maximum during the year £483,234

No interest has been charged during the year

Other transactions with directors

N J Epps was paid consultancy fees by Bowmill Metal Treatments Ltd of £5,436 (2011 £10,220)

Included under company debtors is a short term loan of £8,743 (2011 £8,743) to the Bowmill Engineering Ltd Pension Scheme. The scheme is a self-administered directors' pension scheme of which Mr D A Boucher, is a Trustee. The following amounts were payable to the scheme during the year

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Loan interest	1,926	2,506	-	-
Rent	50,000	50,000	50,000	50,000

In addition, the company paid professional charges relating to the scheme of £2,227 (2011 £2,235)

Details of a loan to a group company by the Bowmill Engineering Ltd Pension Scheme are shown under creditors

# Bowmill Engineering Ltd.

## Consolidated Management Profit and Loss Account

For the year ended 31st December 2012

	2012	2011
	£	£
<b>Turnover</b>		
Sales	9,853,632	8,556,391
<b>Cost of Sales</b>		
Opening stock and work in progress	1,985,925	2,190,798
Materials	1,865,151	1,406,531
Chemicals, paint and coatings	117,793	101,988
Treatments	257,253	212,892
Small tools	285,149	203,101
Quality and inspection	84,647	89,122
Packaging	3,896	2,357
Sub-contractors	539,578	426,332
Productive wages	2,870,810	2,630,964
Inspection and indirect wages	217,961	172,197
Calibration	19,782	18,042
Consumables	74,793	65,667
Effluent and waste removal	32,966	28,362
Carrage	42,424	41,096
Plant repairs and maintenance	90,720	82,948
Heat, light and power	239,546	202,722
Rent and service charges	165,686	158,913
Rates	114,512	104,830
Property repairs	69,537	30,582
Insurance	73,044	72,172
Depreciation	501,826	511,293
Loss on disposal of plant	341	(2,740)
	<u>9,653,340</u>	<u>8,750,169</u>
Closing stock and work in progress	2,273,375	1,985,925
	<u>7,379,965</u>	<u>6,764,244</u>
<b>Gross Profit carried forward</b>	<b>2,473,667</b>	<b>1,792,147</b>

# Bowmill Engineering Ltd.

## Consolidated Management Profit and Loss Account

For the year ended 31st December 2012

	2012	2011
	£	£
<b>Gross Profit brought forward</b>	<b>2,473,667</b>	<b>1,792,147</b>
<b>Less Expenses</b>		
Office salaries	835,245	753,890
Directors' remuneration	84,610	92,528
Directors' employers national insurance	14,695	13,830
Directors' pension scheme contributions	170,750	-
Staff pension scheme contributions	25,364	27,195
Recruitment costs	33,131	6,678
Other staff costs	33,528	41,369
Cleaning and laundry	24,694	20,560
Computer support	32,692	36,450
Printing, postage and stationery	28,741	23,513
Advertising and exhibition costs	10,998	7,277
Telephone	12,431	10,712
Motor vehicle leasing	7,424	6,343
Motor expenses	40,009	40,818
Travel and entertaining	38,658	36,343
Consultancy fees	49,255	30,528
Professional charges	25,533	32,280
Accountancy	28,470	28,500
Auditors' remuneration	13,030	16,700
Debt financing charges	36,740	32,700
Bank charges	16,183	17,131
Bad debt	441	58
Loss/(profit) on foreign exchange	144	556
Sundry expenses	18,184	15,350
Penalties and surcharges	396	9,946
Redundancy and employment settlements	552	-
Depreciation on intangible assets	2,338	2,338
Depreciation	33,672	23,468
Loss on disposal of motor vehicles	500	4,370
	<b>1,618,408</b>	<b>1,331,431</b>
	<b>855,259</b>	<b>460,716</b>
<b>Other Income</b>		
Online filing incentive	-	1,000
Other interest received	1	191
	<b>1</b>	<b>1,191</b>
<b>Balance carried forward</b>	<b>855,260</b>	<b>461,907</b>

*This page does not form part of the statutory financial statements*

# Bowmill Engineering Ltd.

## Consolidated Management Profit and Loss Account

For the year ended 31st December 2012

	2012	2011
	£	£
<b>Balance brought forward</b>	<b>855,260</b>	<b>461,907</b>
<b>Finance Costs</b>		
On bank loans and overdrafts repayable within five years	9,693	15,749
On HP and finance lease contracts	38,448	42,125
On other loans repayable within five years	1,926	2,506
On debt financing repayable within five years	46,945	41,042
Other interest payable	768	780
	<u>97,780</u>	<u>102,202</u>
<b>Profit for the Year before Taxation</b>	<b><u>757,480</u></b>	<b><u>359,705</u></b>