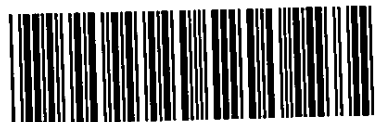


REGISTERED NUMBER 01920664 (England and Wales)

ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2012
FOR
VACUUM FURNACE ENGINEERING LIMITED

FRIDAY



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VACUUM FURNACE ENGINEERING LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 2012**

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VACUUM FURNACE ENGINEERING LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2012**

DIRECTORS

K Masters
J Nicholson
R Oakley
K Potter
S Lees

SECRETARY

J Nicholson

REGISTERED OFFICE

Unit 8
Hingley Road
Hayes Industrial Estate
HALESOWEN
West Midlands
B63 2RR

REGISTERED NUMBER

01920664 (England and Wales)

AUDITORS

E R Grove & Co Limited
Chartered Accountants and Statutory Auditors
Grove House
Coombs Wood Court
Steel Park Road
Halesowen
West Midlands
B62 8BF

VACUUM FURNACE ENGINEERING LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2012

The directors present their report with the accounts of the company for the year ended 31 December 2012

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the manufacture and servicing of vacuum furnace equipment

REVIEW OF BUSINESS

We aim to present a balanced and comprehensive review of the development and performance of our business during the year and its position at the year end. Our review is consistent with the size and non-complex nature of our business and is written in the context of the risks and uncertainties we face

As for many businesses of our size, the business environment in which we operate continues to be challenging. We face competition from the UK and abroad. Despite this, the company continues to be Europe's leading specialist in the supply, design, overhaul, repair and service of vacuum furnaces. We consider that our key performance indicators are those that communicate the financial performance and strength of the company as a whole, these being turnover, gross margin and profitability.

The sales for the year have decreased by 16% compared with the previous year. This decrease in turnover is attributable to the mix of sales. However, although the turnover has fallen the gross profit has increased by £283,625 and the gross margin from 24.3% to 31.9%.

Profit before tax has increased from 10.1% in 2011 to 12.3%. We are pleased with this in light of the constant increases in administrative costs and distribution costs in particular fuel, lighting, heating and power. After taxation £450,215 has been retained and added to reserves.

The turbulence in financial markets, significant weakening of sterling and continued economic recession has impacted on trading during 2012. With these risks and uncertainties in mind, we are aware that any plans for the future development of the business may be subject to unforeseen future events outside of our control. However, the overall order book remains healthy, and the board believes that the continued investment in sales and marketing will further strengthen the company's ability to increase market share.

DIVIDENDS

The total distribution of dividends for the year ended 31 December 2012 will be £440,000.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2012 to the date of this report.

K Masters
J Nicholson
R Oakley
K Potter

Other changes in directors holding office are as follows:

S Lees - appointed 1 May 2012

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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 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.

VACUUM FURNACE ENGINEERING LIMITED

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2012**

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

AUDITORS

The auditors, E R Grove & Co Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting

ON BEHALF OF THE BOARD



J Nicholson - Director

14 June 2013

**REPORT OF THE INDEPENDENT AUDITORS TO
VACUUM FURNACE ENGINEERING LIMITED
UNDER SECTION 449 OF THE COMPANIES ACT 2006**

We have examined the abbreviated accounts set out on pages five to fourteen, together with the full financial statements of Vacuum Furnace Engineering Limited for the year ended 31 December 2012 prepared under Section 396 of the Companies Act 2006

This report is made solely to the company, in accordance with Section 449 of the Companies Act 2006. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special 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, for our work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with Section 445 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the Regulations made under that Section and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 445(3) of the Companies Act 2006, and the abbreviated accounts have been properly prepared in accordance with the Regulations made under that Section.



Steven Lomas (Senior Statutory Auditor)
for and on behalf of E R Grove & Co Limited
Chartered Accountants and Statutory Auditors
Grove House
Coombs Wood Court
Steel Park Road
Halesowen
West Midlands
B62 8BF

14 June 2013

VACUUM FURNACE ENGINEERING LIMITED

**ABBREVIATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Notes	2012 £	2011 £
TURNOVER	2	9,522,545	11,351,654
Cost of sales		(6,485,502)	(8,598,236)
		<hr/> 3,037,043	<hr/> 2,753,418
Administrative expenses		1,862,520	1,609,096
OPERATING PROFIT	4	<hr/> 1,174,523	<hr/> 1,144,322
Interest receivable and similar income		746	707
		<hr/> 1,175,269	<hr/> 1,145,029
Interest payable and similar charges	5	-	3,998
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<hr/> 1,175,269	<hr/> 1,141,031
Tax on profit on ordinary activities	6	285,054	301,049
PROFIT FOR THE FINANCIAL YEAR		<hr/> <hr/> 890,215	<hr/> <hr/> 839,982

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous year

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current year or previous year

The notes form part of these abbreviated accounts

VACUUM FURNACE ENGINEERING LIMITED (REGISTERED NUMBER 01920664)

ABBREVIATED BALANCE SHEET
31 DECEMBER 2012

	Notes	2012 £	2011 £
FIXED ASSETS			
Tangible assets	8	97,459	60,267
CURRENT ASSETS			
Stocks	9	819,760	1,124,696
Debtors	10	2,889,077	3,023,613
Cash at bank and in hand		1,296,207	1,314,434
		5,005,044	5,462,743
CREDITORS			
Amounts falling due within one year	11	2,005,854	2,888,421
NET CURRENT ASSETS		2,999,190	2,574,322
TOTAL ASSETS LESS CURRENT LIABILITIES		3,096,649	2,634,589
CREDITORS			
Amounts falling due after more than one year	12	(5,104)	-
PROVISIONS FOR LIABILITIES	14	(7,210)	(469)
NET ASSETS		3,084,335	2,634,120
CAPITAL AND RESERVES			
Called up share capital	15	600	600
Capital redemption reserve	16	150	150
Profit and loss account	16	3,083,585	2,633,370
SHAREHOLDERS' FUNDS	18	3,084,335	2,634,120

The abbreviated accounts have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to medium-sized companies

The financial statements were approved by the Board of Directors on 14 June 2013 and were signed on its behalf by



J Nicholson - Director



R Oakley - Director

The notes form part of these abbreviated accounts

VACUUM FURNACE ENGINEERING LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Notes	£	2012	£	£	2011	£
Net cash inflow from operating activities	1			715,802			1,521,113
Returns on investments and servicing of finance	2			746			(3,291)
Taxation				(315,096)			(151,020)
Capital expenditure	2			(60,645)			(11,195)
Equity dividends paid				(440,000)			(280,000)
				(99,193)			1,075,607
Financing	2			80,966			(237,719)
(Decrease)/increase in cash in the period				(18,227)			837,888

Reconciliation of net cash flow to movement in net funds	3						
(Decrease)/increase in cash in the period			(18,227)		837,888		
Cash inflow from increase in debt and lease financing			(9,187)		-		
Change in net funds resulting from cash flows				(27,414)			837,888
Movement in net funds in the period				(27,414)			837,888
Net funds at 1 January				1,314,434			476,546
Net funds at 31 December				1,287,020			1,314,434

The notes form part of these abbreviated accounts

VACUUM FURNACE ENGINEERING LIMITED

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2012**

1 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2012 £	2011 £
Operating profit	1,174,523	1,144,322
Depreciation charges	25,903	21,605
Profit on disposal of fixed assets	(2,450)	-
Decrease in stocks	304,936	474,715
Decrease/(increase) in debtors	134,536	(251,131)
(Decrease)/increase in creditors	(921,646)	131,602
Net cash inflow from operating activities	<u>715,802</u>	<u>1,521,113</u>

2 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2012 £	2011 £
Returns on investments and servicing of finance		
Interest received	746	707
Interest paid	-	(3,998)
Net cash inflow/(outflow) for returns on investments and servicing of finance	<u>746</u>	<u>(3,291)</u>
Capital expenditure		
Purchase of tangible fixed assets	(63,095)	(11,195)
Sale of tangible fixed assets	2,450	-
Net cash outflow for capital expenditure	<u>(60,645)</u>	<u>(11,195)</u>
Financing		
Capital repayments in year	9,187	-
Amount introduced by directors	101,500	29,721
Amount withdrawn by directors	(29,721)	(267,440)
Net cash inflow/(outflow) from financing	<u>80,966</u>	<u>(237,719)</u>

3 ANALYSIS OF CHANGES IN NET FUNDS

	At 1 1 12 £	Cash flow £	At 31 12 12 £
Net cash			
Cash at bank and in hand	1,314,434	(18,227)	1,296,207
	<u>1,314,434</u>	<u>(18,227)</u>	<u>1,296,207</u>
Debt			
Hire purchase	-	(9,187)	(9,187)
	-	(9,187)	(9,187)
Total	<u>1,314,434</u>	<u>(27,414)</u>	<u>1,287,020</u>

The notes form part of these abbreviated accounts

VACUUM FURNACE ENGINEERING LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2012

1 ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention

Turnover

Turnover represents net invoiced sales of goods and services, excluding valued added tax

Sales of services are recognised by reference to the stage of completion based on services performed to date. The assessment of the stage of completion is dependent on the nature of the contract but will generally be based on the achievement of contractual milestones

Progress payments received are recorded as revenue when the value of work in progress on any contract exceeds the value of the progress payment. Where the value of the progress payment is in excess of work in progress, this is classified as a payment on account and is separately disclosed with creditors due within one year

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter

Plant and machinery	- 20% on cost
Fixtures and fittings	- 33% on reducing balance and 25% on reducing balance
Motor vehicles	- 25% on cost

Stocks

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 items

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate

2 TURNOVER

Turnover is wholly attributable to the principal activity of the company

The analysis of turnover by geographical market has not been provided as, in the opinion of the directors, such disclosure would be seriously prejudicial to the interests of the company

VACUUM FURNACE ENGINEERING LIMITED

**NOTES TO THE ABBREVIATED ACCOUNTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2012**

3 STAFF COSTS

	2012 £	2011 £
Wages and salaries	1,715,659	1,428,881
Social security costs	203,232	172,409
Other pension costs	64,571	62,244
	<u>1,983,462</u>	<u>1,663,534</u>

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

	2012	2011
Administrative	18	17
Manufacturing, service and repair	22	20
	<u>40</u>	<u>37</u>

4 OPERATING PROFIT

The operating profit is stated after charging/(crediting)

	2012 £	2011 £
Other operating leases	102,562	94,816
Depreciation - owned assets	20,705	21,605
Depreciation - assets on hire purchase contracts	5,198	-
Profit on disposal of fixed assets	(2,450)	-
Auditors' remuneration	7,800	9,200
Auditors' remuneration for non audit work	2,450	5,250
	<u>378,421</u>	<u>250,781</u>

Directors' remuneration

<u>378,421</u>	<u>250,781</u>
----------------	----------------

The number of directors to whom retirement benefits were accruing was as follows

Money purchase schemes	<u>4</u>	<u>4</u>
------------------------	----------	----------

Information regarding the highest paid director is as follows

	2012 £	2011 £
Emoluments etc	<u>92,012</u>	<u>96,534</u>

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2012 £	2011 £
Other interest	<u>-</u>	<u>3,998</u>

6 TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows

	2012 £	2011 £
Current tax		
UK corporation tax	278,313	300,580
Deferred tax	6,741	469
Tax on profit on ordinary activities	<u>285,054</u>	<u>301,049</u>

UK corporation tax has been charged at 24% (2011 - 26%)

VACUUM FURNACE ENGINEERING LIMITED

**NOTES TO THE ABBREVIATED ACCOUNTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2012**

6 TAXATION - continued

Factors affecting the tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below.

	2012 £	2011 £
Profit on ordinary activities before tax	<u>1,175,269</u>	<u>1,141,031</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24.500% (2011 - 26.500%)	287,941	302,373
Effects of		
Expenses not deductible for tax purposes	1,834	3,395
Capital allowances in excess of depreciation	(7,518)	-
Depreciation in excess of capital allowances	-	281
Marginal relief	<u>(3,944)</u>	<u>(5,469)</u>
Current tax charge	<u>278,313</u>	<u>300,580</u>

7 DIVIDENDS

	2012 £	2011 £
Interim	<u>440,000</u>	<u>280,000</u>

8 TANGIBLE FIXED ASSETS

	Other fixed assets £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST					
At 1 January 2012	20,890	106,363	228,125	28,421	383,799
Additions	-	-	14,257	48,838	63,095
Disposals	-	-	-	(16,466)	(16,466)
At 31 December 2012	<u>20,890</u>	<u>106,363</u>	<u>242,382</u>	<u>60,793</u>	<u>430,428</u>
DEPRECIATION					
At 1 January 2012	-	98,918	198,187	26,427	323,532
Charge for year	-	6,763	10,954	8,186	25,903
Eliminated on disposal	-	-	-	(16,466)	(16,466)
At 31 December 2012	<u>-</u>	<u>105,681</u>	<u>209,141</u>	<u>18,147</u>	<u>332,969</u>
NET BOOK VALUE					
At 31 December 2012	<u>20,890</u>	<u>682</u>	<u>33,241</u>	<u>42,646</u>	<u>97,459</u>
At 31 December 2011	<u>20,890</u>	<u>7,445</u>	<u>29,938</u>	<u>1,994</u>	<u>60,267</u>

VACUUM FURNACE ENGINEERING LIMITED

**NOTES TO THE ABBREVIATED ACCOUNTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2012**

8 TANGIBLE FIXED ASSETS - continued

Fixed assets, included in the above, which are held under hire purchase contracts are as follows

	Motor vehicles £
COST	
Additions	24,952
At 31 December 2012	<u>24,952</u>
DEPRECIATION	
Charge for year	5,198
At 31 December 2012	<u>5,198</u>
NET BOOK VALUE	
At 31 December 2012	<u><u>19,754</u></u>

9 STOCKS

	2012 £	2011 £
Raw materials	368,433	363,086
Work-in-progress	451,327	761,610
	<u>819,760</u>	<u>1,124,696</u>

10 DEBTORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012 £	2011 £
Trade debtors	2,844,439	2,980,252
Prepayments	44,638	43,361
	<u>2,889,077</u>	<u>3,023,613</u>

11 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012 £	2011 £
Hire purchase contracts (see note 13)	4,083	-
Trade creditors	1,103,988	2,078,983
Tax	263,797	300,580
Social security and other taxes	180,072	101,932
VAT	267,135	348,484
Directors' current accounts	101,500	29,721
Accrued expenses	85,279	28,721
	<u>2,005,854</u>	<u>2,888,421</u>

12 CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2012 £	2011 £
Hire purchase contracts (see note 13)	<u>5,104</u>	<u>-</u>

VACUUM FURNACE ENGINEERING LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2012

13 OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

	Hire purchase contracts 2012 £	2011 £
Net obligations repayable		
Within one year	4,083	-
Between one and five years	5,104	-
	<u>9,187</u>	<u>-</u>

The following operating lease payments are committed to be paid within one year

	Land and buildings		Other operating leases	
	2012 £	2011 £	2012 £	2011 £
Expiring				
Within one year	-	-	9,066	9,311
Between one and five years	76,000	-	73,788	60,697
In more than five years	-	76,000	-	-
	<u>76,000</u>	<u>76,000</u>	<u>82,854</u>	<u>70,008</u>

14 PROVISIONS FOR LIABILITIES

	2012 £	2011 £
Deferred tax	<u>7,210</u>	<u>469</u>
		Deferred tax £
Balance at 1 January 2012		469
Accelerated capital allowances		<u>6,741</u>
Balance at 31 December 2012		<u>7,210</u>

15 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid Number	Class	Nominal value £1	2012 £	2011 £
600	Ordinary		<u>600</u>	<u>600</u>

16 RESERVES

	Profit and loss account £	Capital redemption reserve £	Totals £
At 1 January 2012	2,633,370	150	2,633,520
Profit for the year	890,215		890,215
Dividends	(440,000)		(440,000)
At 31 December 2012	<u>3,083,585</u>	<u>150</u>	<u>3,083,735</u>

17 ULTIMATE CONTROLLING PARTY

The directors believe there is no ultimate controlling party

VACUUM FURNACE ENGINEERING LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2012

18 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2012	2011
	£	£
Profit for the financial year	890,215	839,982
Dividends	(440,000)	(280,000)
Net addition to shareholders' funds	450,215	559,982
Opening shareholders' funds	2,634,120	2,074,138
Closing shareholders' funds	3,084,335	2,634,120