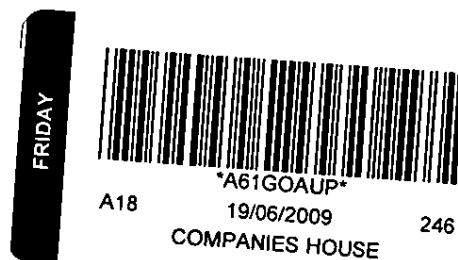


**Vacuum Furnace Engineering  
Limited**

Report and Abbreviated Financial Statements

Year Ended

31 August 2008



**BDO Stoy Hayward**  
Chartered Accountants

# **Vacuum Furnace Engineering Limited**

**Abbreviated financial statements  
for the year ended 31 August 2008**

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## **Directors**

J Nicholson  
R Oakley  
K Potter  
K Masters

## **Secretary and registered office**

J Nicholson, Unit 8, Hingley Road, Hayes Industrial Estate, Halesowen, West Midlands, B63 2RR

## **Company number**

1920664

## **Auditors**

BDO Stoy Hayward LLP, 125 Colmore Row, Birmingham, B3 3SD

# Vacuum Furnace Engineering Limited

## Report of the directors for the year ended 31 August 2008

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The directors present their report together with the audited financial statements for the year ended 31 August 2008.

### Results and dividends

The profit and loss account is set out on page 4 and shows the profit for the year.

### Principal activities, review of business and future developments

The company's principal activity is the manufacture and servicing of vacuum furnace equipment.

The Company sells directly to a number of large corporate clients worldwide. There have been minor changes in the company's activities for the year under review with the addition of a specialised product range.

The profit and loss account is set out on page 5 and shows a profit for the year after taxation of £553,420.

Turnover increased during the year, largely driven by growth within the UK and export markets. Margin levels are dictated by the mix of sales. The levels achieved across the product range are consistent with previous years. The increase in turnover resulted in increased gross profit, of £3,427,403. Overhead costs grew by £509,841. The principal reasons for this were as a result of increased employment costs and the cost of move of premises necessitated by the company's continued growth. The directors are satisfied with the overall business performance.

The turbulence in financial markets, significant weakening of sterling and confirmation of economic recession has impacted upon trading conditions in 2009. However, turnover levels have been maintained and overall order books remain healthy, and the directors believe that the move of premises coupled with continued investment in sales and marketing will further strengthen the Company's ability to increase market share.

### Directors

The directors of the company during the year were:

J Nicholson  
R Oakley  
K Potter  
K Masters

### Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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 August 2008 (*continued*)

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### **Auditors**

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

This directors' report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

### **By order of the board**



J Nicholson

### **Secretary**

11 March 2009

# Vacuum Furnace Engineering Limited

## Independent auditor's report

### Independent auditor's report to Vacuum Furnace Engineering Limited under section 247B of the Companies Act 1985

We have examined the abbreviated financial statements which comprise the profit and loss account, the balance sheet and the related notes together with the financial statements of the company for the year ended 31 August 2008 prepared under section 226 of the Companies Act 1985.

#### *Respective responsibilities of directors and auditors*

The directors are responsible for preparing the abbreviated financial statements in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated financial statements prepared in accordance with section 246A(3) of the Act to the Registrar of Companies and whether the abbreviated financial statements have been properly prepared in accordance with that provision and to report our opinion to you.

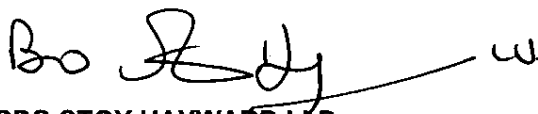
Our report has been prepared pursuant to the requirements of Section 247B of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of Section 247B of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

#### *Basis of opinion*

We conducted our work in accordance with Bulletin 2006/3 "The special auditor's report on abbreviated accounts in the United Kingdom" 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 full financial statements, that the company is entitled to deliver abbreviated financial statements and that the abbreviated financial statements to be delivered have been properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the full financial statements.

#### *Opinion*

In our opinion the company is entitled to deliver abbreviated financial statements prepared in accordance with section 246A(3) of the Companies Act 1985, and the abbreviated financial statements have been properly prepared in accordance with that provision.

  
**BDO STOY HAYWARD LLP**  
Chartered Accountants  
and Registered Auditors  
Birmingham

# Vacuum Furnace Engineering Limited

## Profit and loss account for the year ended 31 August 2008

	Note	2008 £	2007 £
<b>Gross profit</b>		<b>3,427,403</b>	2,421,197
Distribution costs		<b>354,219</b>	326,884
Administrative expenses		<b>2,333,467</b>	1,850,961
<b>Operating profit</b>	2	<b>739,717</b>	243,352
Other interest receivable and similar income		<b>30,761</b>	28,123
Interest payable and similar charges	5	<b>(4,536)</b>	(3,566)
<b>Profit on ordinary activities before taxation</b>		<b>765,942</b>	267,909
Taxation on profit on ordinary activities	6	<b>212,522</b>	57,241
<b>Profit on ordinary activities after taxation</b>		<b>553,420</b>	210,668

All amounts relate to continuing activities.

All recognised gains and losses in the current and prior year are included in the profit and loss account.

The notes on pages 6 to 13 form part of these financial statements.

# Vacuum Furnace Engineering Limited

## Balance sheet at 31 August 2008

	Note	2008 £	2008 £	2007 £	2007 £
<b>Fixed assets</b>					
Tangible assets	7		121,132		56,604
<b>Current assets</b>					
Stocks	8	1,287,755		1,422,333	
Debtors	9	1,535,199		1,592,896	
Investments	10	313,273		400,812	
Cash at bank and in hand		667,297		721,387	
		<u>3,803,524</u>		<u>4,137,428</u>	
<b>Creditors: amounts falling due within one year</b>	11	<u>2,340,753</u>		<u>2,861,045</u>	
<b>Net current assets</b>			<u>1,462,771</u>		<u>1,276,383</u>
<b>Total assets less current liabilities</b>			<u>1,583,903</u>		<u>1,332,987</u>
<b>Creditors: amounts falling due after more than one year</b>	12	<u>4,428</u>		<u>7,958</u>	
<b>Provisions for liabilities</b>	13	<u>1,826</u>			
			<u>6,254</u>		<u>7,958</u>
			<u>1,577,649</u>		<u>1,325,029</u>
<b>Capital and reserves</b>					
Called up share capital	14		600		600
Capital redemption reserve	15		150		150
Profit and loss account	15		1,576,899		1,324,279
<b>Shareholders' funds</b>	16		<u>1,577,649</u>		<u>1,325,029</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

The financial statements were approved by the board of directors and authorised for issue on 11 March 2009.

  
J Nicholson  
Director

  
R Oakley  
Director

The notes on pages 6 to 13 form part of these financial statements.

# Vacuum Furnace Engineering Limited

Notes forming part of the financial statements  
for the year ended 31 August 2008

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## 1 Accounting policies

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

The following principal accounting policies have been applied:

### *Depreciation*

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, evenly over their expected useful lives. It is calculated at the following rates:

Plant and machinery	- 20% per annum
Motor vehicles	- 25% per annum
Fixtures and fittings	- 20% - 50% per annum

### *Stocks*

Stocks are valued at the lower of cost and net realisable value.

Progress payments received and receivable have been deducted from the gross value of stock and work in progress. Where such progress payments are in excess of the gross value of the contract, this excess is transferred to payments on account in creditors.

### *Foreign currency*

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Non-monetary assets and liabilities are translated at the date when the transaction was settled.

All exchange differences are taken to the profit and loss account.

### *Deferred taxation*

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.



# Vacuum Furnace Engineering Limited

Notes forming part of the financial statements  
for the year ended 31 August 2008 (continued)

## 1 Accounting policies (continued)

### *Leased assets*

Assets obtained under hire purchase contracts are capitalised at their fair value on acquisition and depreciated over their estimated useful lives. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

Operating lease rentals are charged to income in equal annual amounts over the lease term.

### *Pension costs*

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

## 2 Operating profit

	2008 £	2007 £
This is arrived at after charging:		
Depreciation of tangible fixed assets	37,018	32,250
Hire of plant and machinery - operating leases	4,088	10,393
Hire of other assets - operating leases	170,365	100,116
Auditors' remuneration - fees payable to the company's auditor for the audit of the company's annual accounts	8,000	7,800
	<u>          </u>	<u>          </u>

## 3 Employees

Staff costs (including directors) consist of:

	2008 £	2007 £
Wages and salaries	1,652,568	1,396,316
Social security costs	198,522	166,388
Other pension costs	47,936	44,771
	<u>          </u>	<u>          </u>
	1,899,026	1,607,475
	<u>          </u>	<u>          </u>

The average number of employees (including directors) during the year was 35 (2007 - 34).

# Vacuum Furnace Engineering Limited

Notes forming part of the financial statements  
for the year ended 31 August 2008 (continued)

## 4 Directors' remuneration

	2008 £	2007 £
Directors' emoluments	561,279	432,240
Company contributions to money purchase pension schemes	6,693	6,693

There were 4 directors in the company's defined contribution pension scheme during the year (2007 - 4).

The total amount payable to the highest paid director in respect of emoluments was £142,696 (2007 - £109,898). Company pension contributions of £6,000 (2007 - £6,000) were made to a money purchase scheme on his behalf.

## 5 Interest payable and similar charges

	2008 £	2007 £
All other loans	3,579	2,460
Finance leases and hire purchase contracts	957	1,106
	<u>4,536</u>	<u>3,566</u>

## 6 Taxation on profit on ordinary activities

	2008 £	2007 £
<i>UK Corporation tax</i>		
Current tax on profits of the year	208,296	58,000
<i>Deferred tax</i>		
Origination and reversal of timing differences	4,226	(759)
	<u>212,522</u>	<u>57,241</u>

# Vacuum Furnace Engineering Limited

Notes forming part of the financial statements  
for the year ended 31 August 2008 (continued)

## 6 Taxation on profit on ordinary activities (continued)

The tax assessed for the year is lower (2007-higher) than the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below:

	2008 £	2007 £
Profit on ordinary activities before tax	765,942	267,909
Profit on ordinary activities at the standard rate of corporation tax in the UK of 29% (2007 - 19%)	222,123	50,903
Effect of:		
Expenses not deductible for tax purposes	6,270	5,205
Capital allowances for period in (excess)/deficit of depreciation	(5,375)	641
Difference due to change in tax rate	1,261	1,251
Marginal relief	(15,983)	-
Current tax charge for the year	208,296	58,000

## 7 Tangible fixed assets

	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Other fixed assets £	Total £
<i>Cost</i>					
At 1 September 2007	67,255	90,733	155,940	-	313,928
Additions	37,290	-	46,137	20,890	104,317
Disposals	-	(20,046)	-	-	(20,046)
At 31 August 2008	104,545	70,687	202,077	20,890	398,199
<i>Depreciation</i>					
At 1 September 2007	55,377	58,269	143,678	-	257,324
Provided for the year	8,558	14,272	14,188	-	37,018
Disposals	-	(17,275)	-	-	(17,275)
At 31 August 2008	63,935	55,266	157,866	-	277,067
<i>Net book value</i>					
At 31 August 2008	40,610	15,421	44,211	20,890	121,132
At 31 August 2007	11,878	32,464	12,262	-	56,604

# Vacuum Furnace Engineering Limited

Notes forming part of the financial statements  
for the year ended 31 August 2008 (continued)

## 7 Tangible fixed assets (continued)

The net book value of, and depreciation charge for the year on, tangible fixed assets includes assets held under finance leases and hire purchase contracts as follows:

	2008 £	2007 £
<i>Net book value</i>		
Motor vehicles	6,910	10,678
	<u>          </u>	<u>          </u>
<i>Depreciation charged</i>		
Motor vehicles	3,768	3,768
	<u>          </u>	<u>          </u>

## 8 Stocks

	2008 £	2007 £
Raw materials and consumables	318,585	180,108
Work in progress	969,170	1,242,225
	<u>          </u>	<u>          </u>
	1,287,755	1,422,333
	<u>          </u>	<u>          </u>

There is no material difference between the replacement cost of stocks and the amounts stated above.

## 9 Debtors

	2008 £	2007 £
Trade debtors	1,479,543	1,568,012
Other debtors	7,005	1,602
Prepayments and accrued income	48,651	20,882
Deferred taxation (see note 13)	-	2,400
	<u>          </u>	<u>          </u>
	1,535,199	1,592,896
	<u>          </u>	<u>          </u>

All amounts shown under debtors fall due for payment within one year.

# Vacuum Furnace Engineering Limited

Notes forming part of the financial statements  
for the year ended 31 August 2008 (continued)

## 10 Current asset investments

	2008 £	2007 £
Other investments	313,273	400,812

Other investments represent Moneymarket deposits maturing on 4 September 2008.

## 11 Creditors: amounts falling due within one year

	2008 £	2007 £
Payments received on account	901,858	1,338,740
Trade creditors	919,030	1,135,099
Corporation tax	208,296	58,001
Other taxation and social security	246,446	317,342
Obligations under finance lease and hire purchase contracts	3,530	3,530
Accruals and deferred income	61,593	8,333
	<u>2,340,753</u>	<u>2,861,045</u>

## 12 Creditors: amounts falling due after more than one year

	2008 £	2007 £
Obligations under finance lease and hire purchase contracts	4,428	7,958
	<u>4,428</u>	<u>7,958</u>
<b>Maturity of debt:</b>		
	<b>Finance leases 2008 £</b>	<b>Finance leases 2007 £</b>
In one year or less, or on demand	3,530	3,530
	<u>3,530</u>	<u>3,530</u>
In more than one year but not more than two years	4,428	7,958
	<u>4,428</u>	<u>7,958</u>

# Vacuum Furnace Engineering Limited

Notes forming part of the financial statements  
for the year ended 31 August 2008 *(continued)*

## 13 Provisions for liabilities

	Deferred taxation £
Transferred from debtors	(2,400)
Charged to profit and loss account	4,226
	<hr/>
At 31 August 2008	<b>1,826</b>
	<hr/>

### *Deferred taxation*

	2008 £	2007 £
Accelerated capital allowances	<b>1,826</b>	(2,400)
	<hr/>	<hr/>

## 14 Share capital

	2008 £	2007 £
<i>Authorised</i>		
1,000 ordinary shares of £1 each	<b>1,000</b>	1,000
	<hr/>	<hr/>
	2008 £	2007 £
<i>Allotted, called up and fully paid</i>		
600 ordinary shares of £1 each	<b>600</b>	600
	<hr/>	<hr/>

# Vacuum Furnace Engineering Limited

Notes forming part of the financial statements  
for the year ended 31 August 2008 (continued)

## 15 Reserves

	Capital redemption reserve £	Profit and loss account £
At 1 September 2007	150	1,324,279
Profit for the year	-	553,420
Dividends	-	(300,800)
At 31 August 2008	<u>150</u>	<u>1,576,899</u>

## 16 Reconciliation of movements in shareholders' funds

	2008 £	2007 £
Profit for the year	553,420	210,668
Dividends	(300,800)	(100,000)
Net additions to shareholders' funds	252,620	110,668
Opening shareholders' funds	1,325,029	1,214,361
Closing shareholders' funds	<u>1,577,649</u>	<u>1,325,029</u>

## 17 Commitments under operating leases

The company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings 2008 £	Other 2008 £	Land and buildings 2007 £	Other 2007 £
Operating leases which expire:				
Within one year	9,180	-	36,720	9,741
In two to five years	76,000	51,080	50,000	40,488
	<u>85,180</u>	<u>51,080</u>	<u>86,720</u>	<u>50,229</u>