

Registration number: 1329239

# Graham Engineering Limited

Annual Report and Financial Statements

for the Year Ended 31 August 2014

KM  
Chartered Accountants & Statutory Auditors  
4-6 Grimshaw Street  
Burnley  
Lancashire  
BB11 2AZ

MONDAY



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# **Graham Engineering Limited**

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**Graham Engineering Limited**  
**Company Information**

<b>Directors</b>	C T Graham P Graham P Manley S Fraser F Kelly I J Bannister
<b>Company secretary</b>	C T Graham
<b>Registered office</b>	Whitewalls Industrial Estate Edward Street Nelson Lancashire BB9 8SY
<b>Bankers</b>	National Westminster Bank 2 Howe Walk Burnley Lancashire BB11 1QD
<b>Auditors</b>	KM Chartered Accountants & Statutory Auditors 4-6 Grimshaw Street Burnley Lancashire BB11 2AZ

**Graham Engineering Limited**  
**Strategic Report for the Year Ended 31 August 2014**

The directors present their strategic report for the year ended 31 August 2014.

**Principal activity**

The principal activities of the company were those of precision stainless steel fabricators, deep drawn press work, 5 axis machining, laser cutting, laser engraving and 5 axis welding, all to high quality standards supported by our in-house detail drawing office.

**Business review**

Graham Engineering continues to implement the longer term "foundation building" strategy that will ensure we are part of our chosen customer supply chain long into the future.

We have consolidated our turnover this year with growth of 2.5% on last year's levels and improved our margins.

During the year we started the process of gaining the recognised ISO approvals to reflect the quality nature of our business in both environmental and health and safety management, whilst reviewing industry best practice in partnership with the Civil Nuclear Sharing in Growth team's support.

**Key performance indicators (KPI's)**

The company's key financial performance indicators during the year were as follows:

<b>Years ended</b>	<b>31 August 2014</b>	<b>31 August 2013</b>	<b>31 August 2012</b>
Turnover (£)	14,706,595	14,347,273	14,960,466
Turnover growth	2.5%	(4%)	23%
Gross profit margin	23.16%	17%	15%
Profit before tax (£)	952,336	376,291	634,638

At the end of the year, the net assets totalled £7,126,238 (2013 - £6,641,684).

**Graham Engineering Limited**  
**Strategic Report for the Year Ended 31 August 2014**

*..... continued*

**Principal risks and uncertainties**

There are a number of risks and uncertainties which could have an impact on the company's performance, both in the forthcoming year and in the longer term.

We are delivering a new strategy which will mitigate our exposure to uncertainty in the business which could have an impact on the company's performance. This is a longer term strategy but benefits will be delivered in the forthcoming year.

Risk management is an intrinsic part of this business to ensure that we manage the needs of stakeholders and that strategic objectives are met. Through a new governance structure this will be delegated throughout the whole company.

With the core of our market in the nuclear sector, our industry is not as susceptible to the economic climate as other companies. Our product is intrinsic in the protection of the environment and demand is very much determined by our customers processing abilities. We remain competitive in this area through our high quality, skills and flexibility.

We are adding a commercial arm to the business which will give us a broader insight into all of the company's market.

The company's operations are exposed to a variety of financial risks that include the effects of changes to customer credit risk, supply chain risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company.

Policies are in place to limit the exposure to excess stock being carried forward from one year to the next. The company has no significant concentrations of credit risk. Receivable balances are monitored on an on-going basis to ensure the company's bad debt exposure is not significant.

The company continues to improve its supply chain risk by both categorising and rationalising our supplier selection process ensuring that we can implement the rigorous and transparent supply chain through forthcoming service level agreements.

**Graham Engineering Limited**  
**Strategic Report for the Year Ended 31 August 2014**

*..... continued*

Approved by the Board on 2 April 2015 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'C T Graham', written over a dotted line.

C T Graham  
Director

## **Graham Engineering Limited**

### **Directors' Report for the Year Ended 31 August 2014**

The directors present their report and the financial statements for the year ended 31 August 2014.

#### **Statement of directors' responsibilities**

The directors are responsible for preparing the Annual 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 apply them consistently;
- make judgements and accounting 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 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.

#### **Directors of the company**

The directors who held office during the year were as follows:

C T Graham

P Graham

P Manley

S Fraser

F Kelly

I J Bannister

#### **Results and dividend**

The results for the company are set out in the financial statements.

An interim ordinary dividend of £300,000 was paid during the period.

#### **Research and development**

The company will continue its policy of investment in research and development in order to retain a competitive position in the market.

#### **Future developments**

The company has established a position of innovation and quality in the market using new technology and reliability as its core values. Going forward, through investment, we intend to continue to use these keystones to underpin our future.

**Graham Engineering Limited**  
**Directors' Report for the Year Ended 31 August 2014**

..... *continued*

**Risk policies**


As required by schedule 7.6(1)(a) and 7.6(1)(b) of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 the following information required to be disclosed in the directors report has been disclosed in the Strategic Report on page 3:

- an indication of financial risk management objectives and policies;
- an indication of the different risks the company is exposed to.

**Disclosure of information to the auditor**

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditor is unaware of.

Approved by the Board on 2 April 2015 and signed on its behalf by:



C T Graham  
Director



## **Independent Auditor's Report to the Members of Graham Engineering Limited**

We have audited the financial statements of Graham Engineering Limited for the year ended 31 August 2014, set out on pages 9 to 27. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Report set out on pages 4 to 5, 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 (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on the 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 August 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

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

**Independent Auditor's Report to the Members of  
Graham Engineering Limited**

*..... continued*

**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.



.....  
Mark Heaton FCCA (Senior Statutory Auditor)  
For and on behalf of KM, Statutory Auditor

4-6 Grimshaw Street  
Burnley  
Lancashire  
BB11 2AZ

2 April 2015

**Graham Engineering Limited**  
**Profit and Loss Account for the Year Ended 31 August 2014**

	Note	2014 £	2013 £
Turnover		14,706,595	14,347,273
Cost of sales		<u>(11,301,132)</u>	<u>(11,851,027)</u>
Gross profit		3,405,463	2,496,246
Distribution costs		(112,188)	(144,993)
Administrative expenses		<u>(2,277,270)</u>	<u>(1,953,006)</u>
Operating profit	2	1,016,005	398,247
Other interest receivable and similar income	5	1,060	2,638
Interest payable and similar charges	6	<u>(64,729)</u>	<u>(24,594)</u>
Profit on ordinary activities before taxation		952,336	376,291
Tax on profit or loss on ordinary activities	7	<u>(167,782)</u>	<u>(76,971)</u>
Profit for the financial year		<u><u>784,554</u></u>	<u><u>299,320</u></u>

Turnover and operating profit derive wholly from continuing operations.

# **Graham Engineering Limited**

## **Statement of Total Recognised Gains and Losses for the Year Ended 31 August 2014**

	<b>Note</b>	<b>2014 £</b>	<b>2013 £</b>
Profit for the financial year		784,554	299,320
Unrealised deficit on revaluation of properties		-	(75,390)
Total recognised gains and losses relating to the year		<u>784,554</u>	<u>223,930</u>

## **Graham Engineering Limited**


### **Note of Historical Cost Profits and Losses for the Year Ended 31 August 2014**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Reported profit on ordinary activities before taxation and dividends	952,336	376,291
Difference between historical cost depreciation charge and the actual depreciation charge on the revalued amount	<u>42,243</u>	<u>53,303</u>
Historical cost profit on ordinary activities before taxation and dividends	<u>994,579</u>	<u>429,594</u>
Historical cost profit for the year retained after taxation and dividends	<u>526,797</u>	<u>352,624</u>

**Graham Engineering Limited**  
**(Registration number: 1329239)**  
**Balance Sheet at 31 August 2014**

	Note	2014 £	2013 £
<b>Fixed assets</b>			
Tangible fixed assets	8	7,149,229	7,165,467
Investments	9	75,113	71,992
		<u>7,224,342</u>	<u>7,237,459</u>
<b>Current assets</b>			
Stocks	10	1,897,652	1,423,958
Debtors	11	1,949,870	2,251,763
Cash at bank and in hand		-	214,796
		<u>3,847,522</u>	<u>3,890,517</u>
Creditors: Amounts falling due within one year	12	(2,092,351)	(3,201,132)
Net current assets		<u>1,755,171</u>	<u>689,385</u>
Total assets less current liabilities		8,979,513	7,926,844
Creditors: Amounts falling due after more than one year	13	(1,463,693)	(926,416)
Provisions for liabilities	14	(389,582)	(358,744)
Net assets		<u>7,126,238</u>	<u>6,641,684</u>
<b>Capital and reserves</b>			
Called up share capital	15	100,000	100,000
Revaluation reserve	17	2,492,969	2,535,212
Profit and loss account	17	4,533,269	4,006,472
Shareholders' funds	18	<u>7,126,238</u>	<u>6,641,684</u>

Approved and authorised for issue by the Board on 2 April 2015 and signed on its behalf by:

  
C T Graham  
Director

**Graham Engineering Limited**  
**Cash Flow Statement for the Year Ended 31 August 2014**

**Reconciliation of operating profit to net cash flow from operating activities**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Operating profit	1,016,005	398,247
Depreciation, amortisation and impairment charges	405,161	364,825
Loss/(profit) on disposal of fixed assets	742	(459)
Increase in stocks	(473,694)	(270,144)
Decrease in debtors	327,379	21,514
(Decrease)/increase in creditors	<u>(1,462,065)</u>	<u>543,690</u>
Net cash (outflow)/inflow from operating activities	<u><u>(186,472)</u></u>	<u><u>1,057,673</u></u>

**Graham Engineering Limited**  
**Cash Flow Statement for the Year Ended 31 August 2014**

..... *continued*

**Cash flow statement**

	2014 £	2013 £
Net cash (outflow)/inflow from operating activities	(186,472)	1,057,673
<b>Returns on investments and servicing of finance</b>		
Interest received	1,060	2,638
HP and finance lease interest	(21,705)	(8,407)
Interest paid	(43,024)	(16,187)
	(63,669)	(21,956)
Taxation paid	(53,861)	(134,469)
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(399,248)	(1,751,542)
Sale of tangible fixed assets	9,583	459
Purchase of investments	(3,121)	(3,122)
	(392,786)	(1,754,205)
Equity dividends paid	(300,000)	-
Net cash outflow before financing	(996,788)	(852,957)
<b>Financing</b>		
Net increase in loans and borrowings	639,602	607,347
Net increase in capital element of finance leases and HP contracts	132,422	382,222
	772,024	989,569
(Decrease)/increase in cash	(224,764)	136,612

The notes on pages 16 to 27 form an integral part of these financial statements.



**Graham Engineering Limited**  
**Cash Flow Statement for the Year Ended 31 August 2014**

..... *continued*

**Reconciliation of net cash flow to movement in net debt**

	Note	2014 £	2013 £
(Decrease)/increase in cash		(224,764)	136,612
Cash (outflow) from loans		(639,602)	(607,347)
Cash (outflow) from finance leases and hire purchase contracts		<u>(132,422)</u>	<u>(382,222)</u>
Change in net debt resulting from cash flows	21	<u>(996,788)</u>	<u>(852,957)</u>
Movement in net debt	21	(996,788)	(852,957)
Net debt at 1 September	21	<u>(922,316)</u>	<u>(69,359)</u>
Net debt at 31 August	21	<u><u>(1,919,104)</u></u>	<u><u>(922,316)</u></u>

## **Graham Engineering Limited**

### **Notes to the Financial Statements for the Year Ended 31 August 2014**

#### **1 Accounting policies**

The principal accounting policies adopted in the preparation of the financial statements are set out below and have remained unchanged from the previous year, and also have been consistently applied within the same accounts.

##### **Basis of preparation**

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets and are in accordance with applicable accounting standards.

##### **Turnover**

Turnover represents amounts chargeable, net of value added tax, in respect of the sale of goods and services to customers. Turnover is recognised when products and services are invoiced, which corresponds to their delivery to customers. Turnover arises mostly in the UK. Payments on account in advance of work undertaken are excluded from turnover and shown as creditors.

##### **Depreciation**

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

<b>Asset class</b>	<b>Depreciation method and rate</b>
Freehold land and buildings	2% per annum on cost or valuation
Plant and equipment	10% per annum on net book value
Motor vehicles	25% per annum on cost

##### **Fixed asset investments**

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

##### **Stock, work in progress and long term contracts**

Stock of raw materials and consumables are valued at the lower of cost and net realisable value.

Work in progress is valued on the basis of direct costs plus an appropriate portion of fixed and variable overheads based on normal levels of activity. Profit on individual contracts is taken only at an appropriate stage in the contract when the lower of margins earned to date and the proportion of that prudently forecast at completion can be reasonably ascertained. Provision is made for any foreseeable losses, where appropriate, taking a prudent view of future non-recoverable costs. Profit for the year includes the benefit of claims for recovery of additional costs incurred on contracts completed in prior years.

##### **Deferred tax**

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed by the balance sheet date, except as required by FRS19.

Deferred tax is measured at the rates that are expected to apply in the periods when the timing differences are expected to reverse, based on the tax rates and law enacted at the balance sheet date.

## Graham Engineering Limited

### Notes to the Financial Statements for the Year Ended 31 August 2014

..... continued

#### Hire purchase and leasing

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet as tangible fixed assets and are depreciated over their useful lives. The capital elements of future obligations under the leases are included as liabilities in the balance sheet. The interest element of the rental obligation is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. Assets held under hire purchase agreements are capitalised as tangible fixed assets and are depreciated over their useful lives. The capital element of future finance payments is included within creditors. Finance charges are allocated to accounting periods over the length of the contract and represent a constant proportion of the balance of capital repayments outstanding.

#### Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets and financial liabilities.

#### Pensions

The company operates a defined contribution pension scheme. Contributions are recognised in the profit and loss account in the period in which they become payable in accordance with the rules of the scheme.

## 2 Operating profit

Operating profit is stated after charging:

	2014 £	2013 £
Operating leases - plant and machinery	67,448	39,744
Operating leases - other assets	245,859	212,551
Auditors remuneration - The audit of the company's annual accounts	13,000	11,750
Auditors remuneration - Tax and other services	-	3,700
Loss/(profit) on sale of tangible fixed assets	742	(459)
Depreciation of owned assets	327,038	313,996
Depreciation of assets held under hire purchase contracts	78,123	50,829

## 3 Particulars of employees

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2014 No.	2013 No.
Administration and support	64	64
Production	116	108
	180	172

# Graham Engineering Limited

## Notes to the Financial Statements for the Year Ended 31 August 2014

..... continued

The aggregate payroll costs were as follows:

	2014 £	2013 £
Wages and salaries	4,967,985	4,726,287
Social security costs	491,179	467,198
Staff pensions	132,366	118,872
	<u>5,591,530</u>	<u>5,312,357</u>

### 4 Directors' remuneration

The directors' remuneration for the year was as follows:

	2014 £	2013 £
Remuneration (including benefits in kind)	537,992	573,636
Company contributions paid to money purchase pension schemes	<u>46,164</u>	<u>57,043</u>

During the year the number of directors who were receiving benefits was as follows:

	2014 No.	2013 No.
Accruing benefits under money purchase pension schemes	<u>5</u>	<u>6</u>

In respect of the highest paid director:

	2014 £	2013 £
Remuneration	190,329	185,753
Company contributions to money purchase pension schemes	<u>18,000</u>	<u>18,000</u>

### 5 Other interest receivable and similar income

	2014 £	2013 £
Bank interest receivable	<u>1,060</u>	<u>2,638</u>

# Graham Engineering Limited

## Notes to the Financial Statements for the Year Ended 31 August 2014

..... continued

### 6 Interest payable and similar charges

	2014 £	2013 £
Interest on bank borrowings	43,024	16,187
Hire purchase interest	21,705	8,407
	<u>64,729</u>	<u>24,594</u>

### 7 Taxation

#### Tax on profit on ordinary activities

	2014 £	2013 £
<b>Current tax</b>		
Corporation tax charge	162,432	53,862
Adjustments in respect of previous years	(25,487)	(12,098)
UK Corporation tax	136,945	41,764
<b>Deferred tax</b>		
Origination and reversal of timing differences	30,837	35,207
Total tax on profit on ordinary activities	<u>167,782</u>	<u>76,971</u>

#### Factors affecting current tax charge for the year

Tax on profit on ordinary activities for the year is lower than (2013 - lower than) the standard rate of corporation tax in the UK of 21% (2013 - 20%).

The differences are reconciled below:

	2014 £	2013 £
Profit on ordinary activities before taxation	<u>952,336</u>	<u>376,291</u>
Corporation tax at standard rate	199,991	75,258
Difference due to change in rate of tax	(26,516)	(7,130)
Expenses not deductible for tax purposes	2,241	3,283
Overprovision in a previous year	(25,487)	(12,098)
Depreciation of assets not attracting capital allowances	17,553	17,658
Total current tax	<u>167,782</u>	<u>76,971</u>

# Graham Engineering Limited

## Notes to the Financial Statements for the Year Ended 31 August 2014

..... continued

### 8 Tangible fixed assets

	Freehold land and buildings £	Plant and machinery £	Motor vehicles £	Total £
<b>Cost or valuation</b>				
At 1 September 2013	4,200,250	6,440,034	101,055	10,741,339
Additions	-	327,289	71,959	399,248
Disposals	-	(26,397)	(21,638)	(48,035)
At 31 August 2014	4,200,250	6,740,926	151,376	11,092,552
<b>Depreciation</b>				
At 1 September 2013	-	3,499,461	76,411	3,575,872
Charge for the year	84,005	304,592	16,564	405,161
Eliminated on disposals	-	(20,579)	(17,131)	(37,710)
At 31 August 2014	84,005	3,783,474	75,844	3,943,323
<b>Net book value</b>				
At 31 August 2014	4,116,245	2,957,452	75,532	7,149,229
At 31 August 2013	4,200,250	2,940,573	24,644	7,165,467

#### Assets held under hire purchase contracts

Included within the net book value of tangible fixed assets is £868,634 (2013 - £753,690) in respect of assets held under hire purchase contracts. Depreciation for the year on these assets was £78,123 (2013 - £50,829).

#### Revaluations

The freehold land and buildings class of fixed assets was revalued as at 31 August 2013 on the basis of a valuation conducted on 31 March 2014 by Sanderson Weatherall Chartered Surveyors who are external to the company. The basis of this valuation was on an existing use value. This class of assets has a current value of £4,116,245 (2013 - £4,200,250) and a carrying amount at historical cost of £2,088,125 (2013 - £2,088,125). The depreciation on this historical cost is £464,849 (2013 - £423,086).

The directors considered that it was not necessary to carry out a further revaluation in this accounting period..

The last full valuation of freehold land and buildings was carried out on 31 March 2014.

There is no material difference between open market value and existing use value of freehold land and buildings.

# Graham Engineering Limited

## Notes to the Financial Statements for the Year Ended 31 August 2014

..... continued

### 9 Investments held as fixed assets

	Life assurance policies £	Total £
<b>Cost</b>		
At 1 September 2013	71,992	71,992
Additions	3,121	3,121
At 31 August 2014	75,113	75,113
<b>Net book value</b>		
At 31 August 2014	75,113	75,113
At 31 August 2013	71,992	71,992

The policies correspond to premiums paid on the life of C T Graham and had a fund value of £108,732 at 31st August 2014 (2013 - £100,417).

### 10 Stocks

	2014 £	2013 £
Raw materials and consumables	84,053	56,977
Work in progress	1,881,337	1,371,147
Long term contract balances - Applicable payments on account	(67,738)	(4,166)
	1,897,652	1,423,958

### 11 Debtors

	2014 £	2013 £
Trade debtors	1,582,699	1,983,445
Other debtors	25,486	-
Prepayments and accrued income	341,685	268,318
	1,949,870	2,251,763

# Graham Engineering Limited

## Notes to the Financial Statements for the Year Ended 31 August 2014

..... *continued*

### 12 Creditors: Amounts falling due within one year

	2014 £	2013 £
Trade creditors	581,213	1,345,599
Bank loans and overdrafts	265,889	49,249
Obligations under finance lease and hire purchase contracts	189,522	161,447
Corporation tax	162,432	53,862
Other taxes and social security	560,728	482,643
Directors' current accounts	109,101	25,470
Accruals and deferred income	223,466	1,082,862
	<u>2,092,351</u>	<u>3,201,132</u>

The Directors current accounts are interest free and repayable on demand.

### 13 Creditors: Amounts falling due after more than one year

	2014 £	2013 £
Bank loans and overdrafts	991,028	558,098
Obligations under finance lease and hire purchase contracts	472,665	368,318
	<u>1,463,693</u>	<u>926,416</u>

Included in the creditors are the following amounts due after more than five years:

	2014 £	2013 £
After more than five years by instalments: Bank loans and overdrafts	<u>690,929</u>	<u>324,499</u>



# Graham Engineering Limited

## Notes to the Financial Statements for the Year Ended 31 August 2014

..... *continued*

### Secured creditors

Creditors above include the following liabilities which are secured:

	2014 £	2013 £
Bank loans and overdrafts	1,256,917	607,347
Obligations under finance leases and hire purchase contracts	662,187	529,765
	<u>1,919,104</u>	<u>1,137,112</u>

### Bank loans and overdrafts

Bank loans and overdrafts are secured by a mortgage on certain freehold properties and a fixed and floating charge over all current and future assets of the company.

The bank loans are repayable by equal monthly instalments, and interest at rates of 2.75%, 5.04% and 5.47% is charged thereon.

### Obligations under finance leases and HP contracts

#### Amounts repayable:

	2014 £	2013 £
In one year or less on demand	189,522	161,447
Between two and five years	472,665	368,318
	<u>662,187</u>	<u>529,765</u>

## 14 Provisions

	Deferred tax £	Total £
At 1 September 2013	358,744	358,744
Charged to the profit and loss account	<u>30,838</u>	<u>30,838</u>
At 31 August 2014	<u>389,582</u>	<u>389,582</u>

# Graham Engineering Limited

## Notes to the Financial Statements for the Year Ended 31 August 2014

..... continued

### Analysis of deferred tax

	2014 £	2013 £
Difference between accumulated depreciation and amortisation and capital allowances	<u>389,582</u>	<u>358,744</u>

### 15 Share capital

#### Allotted, called up and fully paid shares

	2014		2013	
	No.	£	No.	£
Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>

### 16 Dividends

	2014 £	2013 £
<b>Dividends paid</b>		
Current year interim dividend paid	<u>300,000</u>	<u>-</u>

### 17 Reserves

	Revaluation reserve £	Profit and loss account £	Total £
At 1 September 2013	2,535,212	4,006,472	6,541,684
Profit for the year	-	784,554	784,554
Dividends	-	(300,000)	(300,000)
Transfer of realised profits	<u>(42,243)</u>	<u>42,243</u>	<u>-</u>
At 31 August 2014	<u>2,492,969</u>	<u>4,533,269</u>	<u>7,026,238</u>

## **Graham Engineering Limited**

### **Notes to the Financial Statements for the Year Ended 31 August 2014**

..... *continued*

#### **18 Reconciliation of movement in shareholders' funds**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Profit attributable to the members of the company	784,554	299,320
Other recognised gains and losses relating to the year	-	(75,390)
Dividends	(300,000)	-
Net addition to shareholders' funds	484,554	223,930
Shareholders' funds at 1 September	6,641,684	6,417,754
Shareholders' funds at 31 August	7,126,238	6,641,684

#### **19 Pension schemes**

##### **Defined contribution pension scheme**

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £132,366 (2013 - £118,872).

Contributions totalling £nil (2013 - £nil) were payable to the schemes at the end of the year and are included in creditors.

#### **20 Commitments**

##### **Capital commitments**

Amounts contracted for but not provided in the financial statements amounted to £35,379 (2013 - £nil).

# Graham Engineering Limited

## Notes to the Financial Statements for the Year Ended 31 August 2014

..... continued

### Operating lease commitments

As at 31 August 2014 the company had annual commitments under non-cancellable operating leases as follows:

Operating leases which expire:

	2014 £	2013 £
<b>Land and buildings</b>		
Within two and five years	<u>12,000</u>	<u>12,000</u>
<b>Other</b>		
Within one year	-	1,081
Within two and five years	<u>999</u>	<u>999</u>
	<u>999</u>	<u>2,080</u>

### 21 Analysis of net debt

	At 1 September 2013 £	Cash flow £	At 31 August 2014 £
Cash at bank and in hand	214,796	(214,796)	
Bank Overdraft	-	(9,968)	(9,968)
	<u>214,796</u>	<u>(224,764)</u>	<u>(9,968)</u>
Debt due within one year	(49,249)	(206,672)	(255,921)
Debt due after more than one year	(558,098)	(432,930)	(991,028)
Finance leases and hire purchase contracts	<u>(529,765)</u>	<u>(132,422)</u>	<u>(662,187)</u>
	<u>(922,316)</u>	<u>(996,788)</u>	<u>(1,919,104)</u>

### 22 Related party transactions

During the year the company made the following related party transactions:

#### Mr C T Graham

(A director of the company)

Mr C T Graham received dividends amounting to £153,000 during the year to 31st August 2014.

At the balance sheet date the amount due to Mr C T Graham was £31,909 (2013 - £4,403).

#### Mrs P Graham

(A director of the company)

Mrs P Graham received dividends amounting to £117,000 during the year to 31st August 2014.

At the balance sheet date the amount due to Mrs P Graham was £53,666 (2013 - £12,927).

## **Graham Engineering Limited**

### **Notes to the Financial Statements for the Year Ended 31 August 2014**

..... *continued*

#### **Mr P Manley**

(A director of the company)

Mr P Manley received dividends amounting to £30,000 during the year to 31st August 2014.

At the balance sheet date the amount due to Mr P Manley was £23,506 (2013 - £8,121).

#### **23 Control**

The company is controlled by CT Graham and P Graham who own 90% of the issued shares between them.