

**Report of the Directors and  
Financial Statements  
for the Year Ended 31 December 2012  
for  
Hansatech EMS Limited**

MONDAY



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for the Year Ended 31 December 2012**

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**Hansatech EMS Limited**  
**Company Information**  
**for the Year Ended 31 December 2012**

**DIRECTORS.**

C G Smith  
P J Gill  
S J Blythe

**SECRETARY:**

Lester Aldridge Company Secretarial Ltd

**REGISTERED OFFICE:**

Russell House  
Oxford Road  
Bournemouth  
Dorset  
BH8 8EX

**REGISTERED NUMBER:**

03455123 (England and Wales)

**AUDITORS:**

Ward Goodman  
Registered Auditor  
4 Cedar Park  
Cobham Road  
Ferndown Industrial Estate  
Wimborne  
Dorset  
BH21 7SF

**Report of the Directors  
for the Year Ended 31 December 2012**

The directors present their report with the financial statements 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 test of electronic components

**REVIEW OF BUSINESS**

**Ownership**

Hansatech EMS Limited remains a wholly owned subsidiary of Hansatech (Holdings) Limited

**Business Review**

Turnover for the year amounted to £7,663,935 (2011 - £8,038,218) representing a reduction of 4.5% over the previous period. The directors report a loss before tax of £861,392 (2011 - £81,258 profit before tax). The losses are in the main due to a revaluation of stocks held in inventory and work in progress. The company also experienced an unexpected downturn in business in Q4 of 2012. This related to customer technical difficulties, customer reschedules and dramatic drop in demand from "just in time" customers. The company made redundancies in this period to reflect the revenue position. During this period the directors provide loans to the value of £200,000 to support working capital requirements.

Four primary performance indicators are used to monitor the financial position of the company. These key indicators are gross profit, operating profit, cash flow and return on investment. These are monitored monthly against budgets and rolling forecasts.

**Financial Risk Management Objectives and Policies**

The company aims to minimise financial risk through the preparation of regular profit and cash flow forecasts. These are reviewed regularly to ensure adherence to plan and action taken to recover any adverse variance.

Customers are largely managed through agreed contractual or standard terms of trading, including the company's exposure to costs of materials, this being a major element of the operating costs. Debtors and material exposure are generally covered through credit insurance or other forms of security.

**Liquidity Risk**

Relationships with customers are managed closely to ensure that any adverse changes in the customers' business has a minimal effect on the company. This remains especially significant at this economic time and underlies the director's commitments to vigorously managing debtors and materials whilst being supported by the company's credit insurance policy.

**Cash Flow Risk**

The directors are also aware of the significant exchange fluctuations affecting the economy. In order to mitigate this exposure, the company operates banking facilities and trades in multiple currencies.

**Dividends**

No dividends will be distributed for the year ended 31st December 2012.

**Post Balance Sheet Events**

The company continued to experience a downturn in business in Q1 of 2013. The company restructured the headcount further and looked to restructure the debt. In June 2013 the company agreed to a CVA with the creditors. Since the restructuring the company has demonstrated a steady improvement back into profit and has secured significant new business to support future plans.

**DIVIDENDS**

No dividends will be distributed for the year ended 31 December 2012.

**Report of the Directors  
for the Year Ended 31 December 2012**

**DIRECTORS**

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

C G Smith  
P J Gill  
S J Blythe

**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.

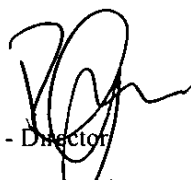
**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

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, Ward Goodman, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD**

  
P J Gill - Director

Date

30/9/2013

## **Report of the Independent Auditors to the Members of Hansatech EMS Limited**

We have audited the financial statements of Hansatech EMS Limited for the year ended 31 December 2012 on pages six to seventeen. 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 a Report of the Auditors 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 Statement of Directors' Responsibilities set out on page three, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

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 Report of the Directors to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its loss 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.

### **Emphasis of matter**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. The company incurred a loss of £861,392 during the year ended 31 December 2012 and, at that date, the company's current liabilities exceeded its total assets by £614,677 and it had net current liabilities of £564,936. These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as going concern.

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

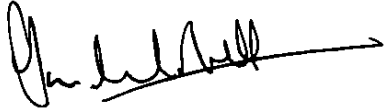
In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Report of the Independent Auditors to the Members of  
Hansatech EMS Limited**

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



I M Rodd (Senior Statutory Auditor)  
for and on behalf of Ward Goodman  
Registered Auditor  
4 Cedar Park  
Cobham Road  
Ferndown Industrial Estate  
Wimborne  
Dorset  
BH21 7SF

Date 30<sup>th</sup> September 2013

**Profit and Loss Account  
for the Year Ended 31 December 2012**

	Notes	2012 £	2011 £
<b>TURNOVER</b>		7,663,935	8,038,218
Cost of sales		<u>6,148,892</u>	<u>5,822,369</u>
<b>GROSS PROFIT</b>		1,515,043	2,215,849
Distribution costs		64,044	108,379
Administrative expenses		<u>2,212,378</u>	<u>1,971,858</u>
		<u>2,276,422</u>	<u>2,080,237</u>
		(761,379)	135,612
Other operating income		<u>2,380</u>	-
<b>OPERATING (LOSS)/PROFIT</b>	3	<u>(758,999)</u>	<u>135,612</u>
Interest payable and similar charges	4	<u>102,393</u>	<u>54,354</u>
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(861,392)	81,258
Tax on (loss)/profit on ordinary activities	5	<u>-</u>	<u>-</u>
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>		<u><u>(861,392)</u></u>	<u><u>81,258</u></u>

**CONTINUING OPERATIONS**

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

**Statement of Total Recognised Gains and Losses  
for the Year Ended 31 December 2012**

	2012 £	2011 £
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>	<b>(861,392)</b>	<b>81,258</b>
Revaluation of plant and machinery	-	125,000
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>	<b>(861,392)</b>	<b>206,258</b>

**Note of Historical Cost Profits and Losses  
for the Year Ended 31 December 2012**

	2012 £	2011 £
<b>REPORTED (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<b>(861,392)</b>	<b>81,258</b>
Revaluation of plant and machinery	-	125,000
<b>HISTORICAL COST (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<b>(861,392)</b>	<b>206,258</b>
<b>HISTORICAL COST (LOSS)/PROFIT FOR THE YEAR RETAINED AFTER TAXATION</b>	<b>(861,392)</b>	<b>206,258</b>

The notes form part of these financial statements

Hansatech EMS Limited (Registered number: 03455123)

Balance Sheet  
31 December 2012

	Notes	2012 £	2011 £
<b>FIXED ASSETS</b>			
Tangible assets	6	540,051	451,784
<b>CURRENT ASSETS</b>			
Stocks	7	1,295,400	1,650,453
Debtors	8	2,260,226	1,808,544
Cash at bank and in hand		656	4,394
		<u>3,556,282</u>	<u>3,463,391</u>
<b>CREDITORS</b>			
Amounts falling due within one year	9	<u>4,121,218</u>	<u>3,506,966</u>
<b>NET CURRENT LIABILITIES</b>		<u>(564,936)</u>	<u>(43,575)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(24,885)</u>	<u>408,209</u>
<b>CREDITORS</b>			
Amounts falling due after more than one year	10	<u>589,792</u>	<u>161,494</u>
<b>NET (LIABILITIES)/ASSETS</b>		<u><u>(614,677)</u></u>	<u><u>246,715</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	2	2
Revaluation reserve	15	329,700	329,700
Profit and loss account	15	<u>(944,379)</u>	<u>(82,987)</u>
<b>SHAREHOLDERS' FUNDS</b>	20	<u><u>(614,677)</u></u>	<u><u>246,715</u></u>

The financial statements were approved by the Board of Directors on its behalf by

30/9/2013 and were signed on



C G Smith - Director

The notes form part of these financial statements

**Notes to the Financial Statements  
for the Year Ended 31 December 2012**

**1 ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

The company meets its day to day working capital requirements through an invoice discounting facility which is repayable on demand

The nature of the company's business is such that there can be considerable unpredictable variation in the timing of cash inflows. The directors have prepared projected cash flow information for the period ending 12 months from the date of their approval of these financial statements. On the basis of this cash flow information and the banking arrangements that are currently in place but under review, the directors consider that the company will continue to operate within the facility currently agreed and within that which they expect to be agreed within the next 2 months following the date of signing this report. On this basis the directors consider it appropriate to prepare the financial statements on the going concern basis. The financial statements do not include any adjustments that would result from a withdrawal of the invoice discounting facility by the company's bankers. In these circumstances the auditors consider that they are able to form an unqualified audit opinion that the financial statements show a true and fair view, but that they have a significant level of concern about the ability of the company to continue as a going concern. Hence whilst they do not qualify their audit opinion, they include a suitable emphasis of matter paragraph when setting out the basis of their opinion.

**Accounting convention**

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

**Financial Reporting Standard number 1**

Exemption has been taken from preparing a cash flow statement on the grounds that the parent company includes the subsidiary in its published financial statements.

**Turnover**

Turnover represents net invoiced sales of goods, excluding value added tax.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Short leasehold	- Over lease
Plant & machinery	- 25% - 33 3% per annum
Motor vehicles	- 33 3% per annum
Computer equipment	- 25% - 50% per annum

**Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

**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.

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2012

1 ACCOUNTING POLICIES - continued

**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. There was an amount due to the pension scheme at the balance sheet date of £5,580 (2011 - £5,938).

**Going concern**

The financial statements have been prepared by the directors on a going concern basis. During June 2013, the directors concluded that the company was insolvent and on 6 June 2013 the company entered into a Company Voluntary Arrangement ("CVA") with its creditors under the Insolvency Act 1986 Part 1.

The CVA involved putting a proposal to the company's creditors to agree to accept a certain sum of money in settlement of debts due to them. A total creditor claim of £3.3m was approved as part of the CVA under which the company will pay the Joint Supervisors the following:

-£8,000 per month for the first six months of the CVA,  
-£18,000 per month for the following 54 months of the CVA, and

The directors have continued to review the company's trading performance and have implemented a cost reduction programme and new business initiatives.

The directors have also prepared and reviewed cashflow and profit forecasts for a period of not less than 12 months from the date of the approval of these financial statements.

The directors have therefore concluded that the going concern basis on which these financial statements are prepared continues to be appropriate.

2 STAFF COSTS

	2012 £	2011 £
Wages and salaries	1,789,088	1,986,769
Social security costs	204,481	180,891
Other pension costs	49,577	56,335
	<u>2,043,146</u>	<u>2,223,995</u>

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

	2012	2011
Production	39	45
Selling	7	8
Administration	26	27
	<u>72</u>	<u>80</u>

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2012

3 OPERATING (LOSS)/PROFIT

The operating loss (2011 - operating profit) is stated after charging/(crediting)

	2012	2011
	£	£
Hire of plant and machinery	559	5,790
Depreciation - owned assets	177,137	166,188
Depreciation - assets on hire purchase contracts	13,440	7,846
Profit on disposal of fixed assets	-	(4,791)
Auditors' remuneration	11,750	11,300
Auditors' remuneration for non audit work	1,364	-
Foreign exchange differences	(1,947)	9,723
	<u>227,614</u>	<u>217,623</u>
Directors' remuneration	227,614	217,623
Directors' pension contributions to money purchase schemes	-	6,127
	<u>-</u>	<u>6,127</u>

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

	2012	2011
Money purchase schemes	3	3
	<u>3</u>	<u>3</u>

Information regarding the highest paid director is as follows

	2012	2011
	£	£
Emoluments etc	77,592	73,903
	<u>77,592</u>	<u>73,903</u>

4 INTEREST PAYABLE AND SIMILAR CHARGES

	2012	2011
	£	£
Bank interest	50,590	43,570
Bank loan interest	28,907	5,929
Hire purchase	22,896	4,855
	<u>102,393</u>	<u>54,354</u>

5 TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2012 nor for the year ended 31 December 2011

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2012**

**5 TAXATION - continued****Factors affecting the tax charge**

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

	2012 £	2011 £
(Loss)/profit on ordinary activities before tax	(861,392)	81,258
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2011 - 28%)	(241,190)	22,752
Effects of Utilisation of tax losses	241,190	(33,368)
Expenses not deductible for tax purposes	-	636
Capital allowances in deficit (excess) of depreciation	-	9,980
Current tax charge	-	-

At the balance sheet date, the company has an unrecognised deferred tax asset of £256,790 (2011 - £126,793) in relation to unused revenue losses and accelerated capital allowances. This has not been provided on the basis that the directors do not consider it more likely than not that taxable profits will arise in the near future. If sufficient taxable profits are made in the future, the asset will become recoverable.

**6 TANGIBLE FIXED ASSETS**

	Short leasehold £	Plant and machinery £	Motor vehicles £	Computer equipment £	Totals £
<b>COST OR VALUATION</b>					
At 1 January 2012	121,232	2,897,006	54,354	328,102	3,400,694
Additions	990	252,406	-	25,448	278,844
Disposals	-	(204,429)	-	-	(204,429)
At 31 December 2012	122,222	2,944,983	54,354	353,550	3,475,109
<b>DEPRECIATION</b>					
At 1 January 2012	94,284	2,559,340	27,744	267,542	2,948,910
Charge for year	15,967	121,513	9,962	43,135	190,577
Eliminated on disposal	-	(204,429)	-	-	(204,429)
At 31 December 2012	110,251	2,476,424	37,706	310,677	2,935,058
<b>NET BOOK VALUE</b>					
At 31 December 2012	11,971	468,559	16,648	42,873	540,051
At 31 December 2011	26,948	337,666	26,610	60,560	451,784

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2012

6 TANGIBLE FIXED ASSETS - continued

Cost or valuation at 31 December 2012 is represented by

	Short leasehold £	Plant and machinery £	Motor vehicles £	Computer equipment £	Totals £
Valuation in 2009	-	204,700	-	-	204,700
Valuation in 2011	-	125,000	-	-	125,000
Cost	122,222	2,615,283	54,354	353,550	3,145,409
	<u>122,222</u>	<u>2,944,983</u>	<u>54,354</u>	<u>353,550</u>	<u>3,475,109</u>

If plant and machinery had not been revalued it would have been included at the following historical cost

	2012 £	2011 £
Cost	<u>2,492,456</u>	<u>2,492,456</u>
Aggregate depreciation	<u>2,434,976</u>	<u>2,434,976</u>

Plant and machinery was valued on an open market basis on 31 December 2011 by the directors of the company

The directors are not aware of any material change in the market value of plant and machinery at the balance sheet date

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

	Short leasehold £	Motor vehicles £	Totals £
<b>COST OR VALUATION</b>			
At 1 January 2012			
and 31 December 2012	<u>10,435</u>	<u>29,885</u>	<u>40,320</u>
<b>DEPRECIATION</b>			
At 1 January 2012	1,205	6,641	7,846
Charge for year	<u>3,478</u>	<u>9,962</u>	<u>13,440</u>
At 31 December 2012	<u>4,683</u>	<u>16,603</u>	<u>21,286</u>
<b>NET BOOK VALUE</b>			
At 31 December 2012	<u>5,752</u>	<u>13,282</u>	<u>19,034</u>
At 31 December 2011	<u>9,230</u>	<u>23,244</u>	<u>32,474</u>

7 STOCKS

	2012 £	2011 £
Stocks	1,169,991	1,392,613
Raw materials	<u>125,409</u>	<u>257,840</u>
	<u>1,295,400</u>	<u>1,650,453</u>

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2012

8 DEBTORS

	2012 £	2011 £
Amounts falling due within one year		
Trade debtors	1,922,481	1,462,385
Other debtors	56	-
Prepayments	104,787	112,907
	<u>2,027,324</u>	<u>1,575,292</u>
Amounts falling due after more than one year		
Amount owed by group over 1 yr	<u>232,902</u>	<u>233,252</u>
Aggregate amounts	<u>2,260,226</u>	<u>1,808,544</u>

9 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012 £	2011 £
Bank loans and overdrafts (see note 11)	101,500	116,157
Hire purchase contracts (see note 12)	63,297	26,958
Trade creditors	1,532,755	1,669,991
Social security and other taxes	247,597	184,844
VAT	199,882	325,441
Other creditors & accruals	1,776,187	1,183,575
Directors' current accounts	200,000	-
	<u>4,121,218</u>	<u>3,506,966</u>

10 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2012 £	2011 £
Bank loans (see note 11)	59,271	146,893
Hire purchase contracts (see note 12)	138,237	14,601
Other creditors	392,284	-
	<u>589,792</u>	<u>161,494</u>

11 LOANS

An analysis of the maturity of loans is given below

	2012 £	2011 £
Amounts falling due within one year or on demand		
Bank overdrafts	-	14,657
Bank loans	101,500	101,500
	<u>101,500</u>	<u>116,157</u>
Amounts falling due between one and two years		
Bank loans - 1-2 years	<u>59,271</u>	<u>101,500</u>

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2012

11 LOANS - continued

	2012 £	2011 £
Amounts falling due between two and five years		
Bank loans - 2-5 years	-	45,393

12 OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

	Hire purchase contracts	
	2012 £	2011 £
Gross obligations repayable		
Within one year	86,726	28,788
Between one and five years	154,434	15,389
	<u>241,160</u>	<u>44,177</u>
Finance charges repayable		
Within one year	23,429	1,830
Between one and five years	16,197	788
	<u>39,626</u>	<u>2,618</u>
Net obligations repayable		
Within one year	63,297	26,958
Between one and five years	138,237	14,601
	<u>201,534</u>	<u>41,559</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				
Between one and five years	<u>136,800</u>	<u>136,800</u>	<u>2,160</u>	<u>2,160</u>

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2012

13 SECURED DEBTS

The following secured debts are included within creditors

	2012 £	2011 £
Bank overdraft	-	14,657
Bank loans	160,771	248,393
Debt factoring	1,734,973	1,133,407
	<u>1,895,744</u>	<u>1,396,457</u>

The Lloyds TSB Plc bank loan is secured by a £200,000 personal guarantee from the directors and an unlimited debenture from Hansatech EMS Limited

All monies and liabilities due to Lloyds TSB Bank Plc are secured by a fixed and floating charge over the assets of the company

The Lloyds TSB Commercial Finance Limited debt factoring facility is secured by way of a personal guarantee from the directors of £140,000 and a fixed & floating charge over the assets of the company

14 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid Number	Class	Nominal value	2012 £	2011 £
2	Ordinary	1	<u>2</u>	<u>2</u>

15 RESERVES

	Profit and loss account £	Revaluation reserve £	Totals £
At 1 January 2012	(82,987)	329,700	246,713
Deficit for the year	<u>(861,392)</u>		<u>(861,392)</u>
At 31 December 2012	<u>(944,379)</u>	<u>329,700</u>	<u>(614,679)</u>

16 PENSION COMMITMENTS

The company contributes to a defined contribution pension scheme. The assets of the schemes are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the funds and amounted to £49,577 (2011 - £56,335). Contributions totalling £5,580 (2011 - £5,938) were payable to the funds at the balance sheet date and are included within creditors.

17 ULTIMATE PARENT COMPANY

The ultimate parent company is Hansatech (Holdings) Limited

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2012

18 RELATED PARTY DISCLOSURES

The company has taken advantage of the exemption available from FRS 8 not to disclose transactions with other group undertakings. Copies of the consolidated financial statements are available from Hansatech (Holdings) Limited, Russell House, Oxford Road, Bournemouth, Dorset, BH8 8EX

19 ULTIMATE CONTROLLING PARTY

The ultimate controlling party is the directors by virtue of their 100% holding of the parent company's issued share capital

20 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2012	2011
	£	£
(Loss)/profit for the financial year	(861,392)	81,258
Other recognised gains and losses relating to the year (net)	-	125,000
Revaluation of Plant & Machinery		
Net (reduction)/addition to shareholders' funds	(861,392)	206,258
Opening shareholders' funds	246,715	40,457
Closing shareholders' funds	(614,677)	246,715

**Trading and Profit and Loss Account  
for the Year Ended 31 December 2012**

	2012		2011	
	£	£	£	£
<b>Sales</b>		7,663,935		8,038,218
<b>Cost of sales</b>				
Purchases	5,314,114		4,869,280	
Wages	743,540		879,202	
Social security	59,887		63,623	
Sub contractors	31,351		10,264	
		6,148,892		5,822,369
<b>GROSS PROFIT</b>		1,515,043		2,215,849
<b>Other income</b>				
Sundry receipts		2,380		-
		1,517,423		2,215,849
<b>Expenditure</b>				
Carriage	64,044		108,379	
Rent	212,542		182,716	
Rates and water	2,980		2,875	
Light and heat	67,906		72,191	
Directors' salaries	227,614		217,623	
Directors' social security	28,351		26,755	
Directors' pension contributions	-		6,127	
Wages	817,934		889,944	
Social security	116,243		90,513	
Pensions	49,577		50,208	
Hire of plant and machinery	559		5,790	
Telephone	6,703		5,594	
Post and stationery	4,980		7,562	
Advertising	15,287		7,921	
Travelling	5,443		5,052	
Motor expenses	56,871		48,305	
Subscriptions	11,886		16,119	
Insurance	84,150		78,108	
Repairs and renewals	65,576		75,515	
Computer expenses	46,634		38,792	
Cleaning & refuse collection	35,291		31,500	
Sundry expenses	74,510		44,219	
Health care	13,567		11,883	
Training	1,414		1,512	
Accountancy	315		610	
Legal fees	25,386		42	
Auditors' remuneration	11,750		11,300	
Auditors' remuneration for non audit work	1,364		-	
Foreign exchange losses	(1,947)		9,723	
Entertainment	2,658		2,270	
Release of lease dilapidation provision	-		(175,000)	
		2,049,588		1,874,148
<b>Carried forward</b>		(532,165)		341,701

**Hansatech EMS Limited (Registered number: 03455123)**

**Trading and Profit and Loss Account  
for the Year Ended 31 December 2012**

	2012		2011	
	£	£	£	£
Brought forward		(532,165)		341,701
<b>Finance costs</b>				
Bank charges	36,256		36,846	
Bank interest	50,590		43,570	
Bank loan interest	28,907		5,929	
Hire purchase	22,896		4,855	
		138,649		91,200
		(670,814)		250,501
<b>Depreciation</b>				
Freehold property	15,967		7,212	
Plant and machinery	121,513		124,364	
Motor vehicles	9,962		6,641	
Computer equipment	43,136		35,817	
		190,578		174,034
		(861,392)		76,467
<b>Profit on disposal of fixed assets</b>				
Plant and machinery	-		833	
Motor vehicles	-		3,958	
		-		4,791
<b>NET (LOSS)/PROFIT</b>		<b>(861,392)</b>		<b>81,258</b>

This page does not form part of the statutory financial statements