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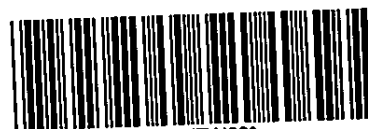
Registered number 469627

**METALOCK ENGINEERING UK LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2011**

SATURDAY



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## **METALOCK ENGINEERING UK LIMITED**

### **COMPANY INFORMATION**

<b>Directors</b>	T R Mårtensson C Wikstrom M H Green
<b>Company secretary</b>	K J Smith
<b>Company number</b>	469627
<b>Registered office</b>	Unit 5 Pilgrims Walk ProLogis Park Coventry CV7 9QS
<b>Auditor</b>	PKF (UK) LLP 45 Great Charles Street Queensway Birmingham B3 2LX
<b>Bankers</b>	Lloyds TSB Bank Corporate 4th Floor 125 Colmore Row Birmingham B3 2SD
<b>Solicitors</b>	Hodson & Lines Solicitors Glebe House 2 Clifton House Rugby CV21 9RG

# METALOCK ENGINEERING UK LIMITED

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## **METALOCK ENGINEERING UK LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011**

The directors present their report and the financial statements for the year ended 31 December 2011

#### **Principal activities**

The principal activities of the company during the year were the provision of on-site machining services, cold repair of cracked and fractured castings and repair welding

Metalock Engineering UK Limited is part of the marketing concept "Midroc Europe" This concept includes companies from four legal Midroc groups, Midroc AB, Granitor Invest AB, Midroc Real Estate AB and Midroc New Technology AB During 2011 these companies together generated a turnover of 3.6 billion Swedish kronor and employed about 2,600 people The companies forming Midroc Europe are predominantly undertaking industrial contracting projects, engineering consultancy, property development, property management and investment in emerging technologies Operations are based in Sweden, Germany, the United Kingdom, France, South Africa, Poland, Saudi Arabia and India

#### **Business review**

##### **Risks and uncertainties**

The directors consider that the largest risk to the company is bad debts with customers falling foul of the ongoing economic environment The company maintains robust credit control procedures, seeking payment in advance where possible in order to mitigate this risk

##### **Development and review of the business**

Business throughout 2011 was very good, with turnover increasing by 9.8% and operating profit by 6.8%

##### **Future outlook**

The forward order book is strong with a large number of enquiries and contracts with power generating and steel OEMS, which should ensure the profitable performance against budget for 2012

##### **Financial Instruments**

The company's financial risk management objective is broadly to seek to make neither profit nor loss from exposure to currency or interest rate risks Its policy is to finance working capital through retained earnings The company does not use hedge accounting Its policy is to finance fixed assets through fixed and variable rate borrowings

The company's exposure to the price risk of financial instruments is therefore minimal As the counterparty to all financial instruments is its bankers, it is also exposed to minimal credit and liquidity risks in respect of these instruments It is exposed to the usual credit risk and cash flow risk associated with selling on credit and manages this through credit control procedures

The directors do not consider any other risks attaching to the use of financial instruments to be material to an assessment of its financial position or profit

##### **Results and dividends**

The profit for the year, after taxation, amounted to £714,890 (2010 - £649,380)

A final dividend of £777,741 (2010 - £nil) was paid during the year

**METALOCK ENGINEERING UK LIMITED**

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2011**

**Directors**

The directors who served during the year were

T R Mårtensson  
C Wikstrom  
M H Green

**Provision of information to auditor**

Each of the persons who are directors at the time when this directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information

This report was approved by the board on 22 02 12 and signed on its behalf



**K J Smith**  
Secretary

## **METALOCK ENGINEERING UK LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2011**

The directors are responsible for preparing the directors' 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 then apply them consistently,
- make judgments and 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

## **METALOCK ENGINEERING UK LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF METALOCK ENGINEERING UK LIMITED**

We have audited the financial statements of Metalock Engineering UK Limited for the year ended 31 December 2011 which comprise the profit and loss account, the balance sheet, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely 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 auditors**

As explained more fully in the directors' responsibilities statement, 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 annual report 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 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 December 2011 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 matters prescribed by the Companies Act 2006**

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**METALOCK ENGINEERING UK LIMITED**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF METALOCK ENGINEERING UK 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



**Tobias Stephenson** (Senior statutory auditor)  
for and behalf of **PKF (UK) LLP**, Statutory auditor  
**Birmingham, UK**

*27 February 2012*



**METALOCK ENGINEERING UK LIMITED**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2011**

	Note	2011 £	2010 £
<b>TURNOVER</b>	1,2	<b>7,167,060</b>	6,529,731
Change in stocks of finished goods and work in progress		<b>365,986</b>	33,585
Raw materials and consumables		<b>(563,957)</b>	(457,325)
Other external charges		<b>(2,771,837)</b>	(2,037,057)
Staff costs		<b>(2,951,937)</b>	(2,904,822)
Depreciation and amortisation		<b>(201,891)</b>	(180,142)
<b>OPERATING PROFIT</b>	3	<b>1,043,424</b>	983,970
Interest receivable and similar income		<b>880</b>	526
Interest payable and similar charges	6	<b>(64,154)</b>	(67,029)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>980,150</b>	917,467
Tax on profit on ordinary activities	7	<b>(265,260)</b>	(268,087)
<b>PROFIT FOR THE FINANCIAL YEAR</b>	15	<b>714,890</b>	649,380

All amounts relate to continuing operations

There were no recognised gains and losses for 2011 or 2010 other than those included in the profit and loss account

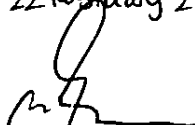
The notes on pages 8 to 15 form part of these financial statements

**METALOCK ENGINEERING UK LIMITED**  
**REGISTERED NUMBER. 469627**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2011**

	Note	£	2011 £	£	2010 £
<b>FIXED ASSETS</b>					
Tangible assets	8		3,087,623		2,936,601
<b>CURRENT ASSETS</b>					
Stocks	9	586,840		221,804	
Debtors	10	1,614,252		1,888,817	
Cash at bank		945,133		1,105,041	
		<u>3,146,225</u>		<u>3,215,662</u>	
<b>CREDITORS</b> amounts falling due within one year	11	(1,384,193)		(1,183,710)	
<b>NET CURRENT ASSETS</b>			<u>1,762,032</u>		<u>2,031,952</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>4,849,655</u>		<u>4,968,553</u>
<b>CREDITORS</b> amounts falling due after more than one year	12		(1,099,758)		(1,176,805)
<b>PROVISIONS FOR LIABILITIES</b>					
Deferred tax	13		(85,000)		(64,000)
<b>NET ASSETS</b>			<u><u>3,664,897</u></u>		<u><u>3,727,748</u></u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	14		26,903		26,903
Profit and loss account	15		3,637,994		3,700,845
<b>SHAREHOLDERS' FUNDS</b>	16		<u><u>3,664,897</u></u>		<u><u>3,727,748</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 22 February 2012

  
**M H Green**  
 Director

  
**R Mårtensson**  
 Director

The notes on pages 8 to 15 form part of these financial statements

## METALOCK ENGINEERING UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

#### 1. ACCOUNTING POLICIES

##### 1.1 Basis of preparation of financial statements

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

##### 1.2 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1

##### 1.3 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts. Turnover is recognised on completion of work contracted

##### 1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases

Freehold property	- 2% straight line
Plant & machinery	- 4 - 20% straight line
Other fixed assets	- 4 - 33 5% straight line

Land is not depreciated

##### 1.5 Operating leases

Rentals under operating leases are charged on a straight line basis over the lease term

##### 1.6 Stocks and work in progress

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 stocks. Cost is determined on a first in first out basis and includes all direct costs and an appropriate proportion of production overheads

##### 1.7 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted

# METALOCK ENGINEERING UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

### 1. ACCOUNTING POLICIES (continued)

#### 1.8 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the profit and loss account

#### 1.9 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year

### 2 TURNOVER

The whole of the turnover is attributable to one class of business

A geographical analysis of turnover is as follows

	2011 £	2010 £
United Kingdom	4,431,319	4,372,418
Rest of European Union	1,454,965	1,144,390
Rest of world	1,280,776	1,012,923
	<u>7,167,060</u>	<u>6,529,731</u>

### 3 OPERATING PROFIT

The operating profit is stated after charging

	2011 £	2010 £
Depreciation of tangible fixed assets		
- owned by the company	201,891	180,142
Auditors' remuneration	12,250	11,600
Operating lease costs - plant and machinery	107,536	107,886
- land and buildings	80,000	80,000
	<u>391,677</u>	<u>379,628</u>

# METALOCK ENGINEERING UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

### 4. STAFF COSTS

Staff costs, including directors' remuneration, were as follows

	2011 £	2010 £
Wages and salaries	2,577,234	2,556,469
Social security costs	317,391	288,174
Other pension costs	57,312	60,179
	<u>2,951,937</u>	<u>2,904,822</u>

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

	2011 No	2010 No
Administration	11	11
Production	47	50
	<u>58</u>	<u>61</u>

### 5. DIRECTORS' REMUNERATION

	2011 £	2010 £
Emoluments	<u>160,269</u>	<u>169,768</u>
Company pension contributions to defined contribution pension schemes	<u>6,300</u>	<u>5,175</u>

During the year retirement benefits were accruing to 1 director (2010 - 1) in respect of defined contribution pension schemes

### 6 INTEREST PAYABLE

	2011 £	2010 £
On bank loans	<u>64,154</u>	<u>67,029</u>

# METALOCK ENGINEERING UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

### 7. TAXATION

	2011 £	2010 £
<b>Analysis of tax charge in the year</b>		
<b>Current tax</b> (see note below)		
UK corporation tax charge on profit for the year	244,382	246,487
Adjustments in respect of prior periods	(122)	-
<b>Total current tax</b>	<b>244,260</b>	<b>246,487</b>
<b>Deferred tax</b> (see note 13)		
Origination and reversal of timing differences	21,000	21,600
<b>Tax on profit on ordinary activities</b>	<b>265,260</b>	<b>268,087</b>

#### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2010 - lower than) the standard rate of corporation tax in the UK of 28% (2010 - 28%) The differences are explained below

	2011 £	2010 £
Profit on ordinary activities before tax	980,150	917,467
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26% (2010 - 28%)	254,839	256,891
<b>Effects of</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	5,371	10,061
Capital allowances for year in excess of depreciation	(18,250)	(20,343)
Short term timing differences	(2,127)	(122)
Tax rate change	4,549	-
Prior year over provision	(122)	-
	<b>244,260</b>	<b>246,487</b>

**METALOCK ENGINEERING UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2011**

**8. TANGIBLE FIXED ASSETS**

	Freehold property £	Plant & machinery £	Fixtures & fittings £	Total £
<b>Cost</b>				
At 1 January 2011	1,981,556	3,075,804	423,103	5,480,463
Additions	-	341,269	11,644	352,913
At 31 December 2011	<u>1,981,556</u>	<u>3,417,073</u>	<u>434,747</u>	<u>5,833,376</u>
<b>Depreciation</b>				
At 1 January 2011	101,152	2,129,644	313,066	2,543,862
Charge for the year	32,835	129,161	39,895	201,891
At 31 December 2011	<u>133,987</u>	<u>2,258,805</u>	<u>352,961</u>	<u>2,745,753</u>
<b>Net book value</b>				
At 31 December 2011	<u>1,847,569</u>	<u>1,158,268</u>	<u>81,786</u>	<u>3,087,623</u>
At 31 December 2010	<u>1,880,404</u>	<u>946,160</u>	<u>110,037</u>	<u>2,936,601</u>

Included in land and buildings is freehold land of £440,201 (2010 - £440,201) which is not depreciated

**9 STOCKS**

	2011 £	2010 £
Raw materials	7,660	8,610
Work in progress	579,180	213,194
	<u>586,840</u>	<u>221,804</u>

**10. DEBTORS**

	2011 £	2010 £
Trade debtors	1,120,530	626,522
Amounts owed by group undertakings	361,468	1,147,728
Other debtors	132,254	114,567
	<u>1,614,252</u>	<u>1,888,817</u>

# METALOCK ENGINEERING UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

### 11. CREDITORS: Amounts falling due within one year

	2011 £	2010 £
Bank loans and overdrafts	83,799	80,321
Trade creditors	450,418	344,589
Amounts owed to group undertakings	282,320	29,085
Corporation tax	136,202	142,819
Social security and other taxes	134,100	279,166
Other creditors	297,354	307,730
	<u>1,384,193</u>	<u>1,183,710</u>

### 12 CREDITORS Amounts falling due after more than one year

	2011 £	2010 £
Bank loans	<u>1,099,758</u>	<u>1,176,805</u>

Creditors include amounts not wholly repayable within 5 years as follows

	2011 £	2010 £
Repayable by instalments	<u>724,685</u>	<u>818,234</u>

The loan is payable over 15 years from 28 February 2009 and is secured on the freehold property

Interest accrues partly at a fixed rate of 6.715% per annum and partly at a variable rate of 0.6% per annum above the bank base rate

### 13 DEFERRED TAXATION

	2011 £	2010 £
At beginning of year	64,000	42,400
Charge for year	21,000	21,600
At end of year	<u>85,000</u>	<u>64,000</u>

The provision for deferred taxation is made up as follows

	2011 £	2010 £
Accelerated capital allowances	86,000	67,800
Other timing differences	(1,000)	(3,800)
	<u>85,000</u>	<u>64,000</u>



# METALOCK ENGINEERING UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

### 14 SHARE CAPITAL

	2011 £	2010 £
<b>Allotted, called up and fully paid</b>		
107,612 Ordinary shares of £0.25 each	<b>26,903</b>	26,903

### 15 RESERVES

	Profit and loss account £
At 1 January 2011	<b>3,700,845</b>
Profit for the year	<b>714,890</b>
Dividends Equity capital	<b>(777,741)</b>
At 31 December 2011	<b>3,637,994</b>

### 16 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2011 £	2010 £
Opening shareholders' funds	<b>3,727,748</b>	3,078,368
Profit for the year	<b>714,890</b>	649,380
Dividends (Note 17)	<b>(777,741)</b>	-
Closing shareholders' funds	<b>3,664,897</b>	3,727,748

### 17 DIVIDENDS

	2011 £	2010 £
Dividends paid on equity capital	<b>777,741</b>	-

### 18 PENSION COMMITMENTS

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £57,312 (2010 - £60,179). At the year end £nil (2010 - £8,180) of contributions were payable to the scheme.

# METALOCK ENGINEERING UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

### 19. OPERATING LEASE COMMITMENTS

At 31 December 2011 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings			Other
	2011	2010	2011	2010
	£	£	£	£
<b>Expiry date.</b>				
Within 1 year	-	-	8,068	38,916
Between 2 and 5 years	80,000	80,000	99,468	58,764

### 20. RELATED PARTY TRANSACTIONS

Advantage has been taken of the exemptions conferred by paragraph 3 (c) of Financial Reporting Standard Number 8, 'Related Party Disclosures' from the requirement to disclose transactions with other companies 100% owned by the group headed by Midroc AB

During the year sales of £75,357 (2010 - £57,146) and recharges for staff time and equipment totalling £nil (2010 - £971,548) were made to Metalock Engineering Saudi Arabia, a fellow subsidiary which is 80% owned by the group headed by Midroc AB Purchases of £64,649 (2010 - £17,035) were also made from this company At the year end a balance of £nil (2010 - £973,009) was owed to Metalock Engineering UK Limited

Sales of £146,586 (2010 - £27,073), recharges of £nil (2010 - £280,446) and purchases of £40,957 (2010 - £nil) were also made to Metalock Maco Engineering Limited, a joint venture which is 51% owned by the group headed by Midroc AB At the year end a balance of £165,174 (2010 - £174,679) was due from Metalock Maco Engineering Limited

### 21. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company is controlled by Midroc Metalock AB, a company incorporated in Sweden

The parent undertaking of the largest and smallest group for which consolidated accounts are prepared is Midroc AB, a company incorporated in Sweden Consolidated accounts are available from PO Box 2053 - S 17402 Sundbyberg, Sweden In the opinion of the directors this is the company's ultimate parent company

Midroc AB is ultimately controlled by Mohammed H Al-Amoudi