

Registered number 469627

## METALOCK ENGINEERING UK LIMITED

### DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

SATURDAY



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COMPANIES HOUSE

## **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 H5 Pilgrims Walk Prologis Park Coventry CV6 4QG
<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 2012**

The directors present their report and the financial statements for the year ended 31 December 2012

#### **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 2012 these companies in total generated a turnover of 4 billion Swedish kronor and employed about 2,800 people The companies forming Midroc Europe are predominantly operating in the fields of properties, building, industry and environmental technology Based in Sweden, Midroc Europe also operates from other European countries, in the Middle East as well as Africa

#### **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 especially within the steel industry 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 2012 was very good, with turnover increasing by 14.3% and operating profit by 30.3%

##### **Future outlook**

Although the forward order book is down on the previous year, enquiry levels remain strong and a continued profitable performance for 2013 is forecast

##### **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 £1,009,859 (2011 - £714,890)

A final dividend of £476,593 (2011 - £777,741) was paid during the year

**METALOCK ENGINEERING UK LIMITED**

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

**Directors**

The directors who served during the year were

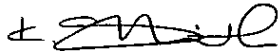
T R Mårtensson  
C Wikstrom  
M H Green

**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 20 2 2013 and signed on its behalf



**K J Smith**  
Secretary

## **METALOCK ENGINEERING UK LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2012**

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 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, to 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 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 2012 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 auditor**

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 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 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 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

PKF(UK)LLP

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

28 February 2013



# METALOCK ENGINEERING UK LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012 £	2011 £
<b>TURNOVER</b>	1	<b>8,191,278</b>	7,167,060
Change in stocks of finished goods and work in progress		<b>183,831</b>	365,986
Raw materials and consumables		<b>(869,207)</b>	(563,957)
Other external charges		<b>(2,704,043)</b>	(2,771,837)
Staff costs		<b>(3,175,633)</b>	(2,951,937)
Depreciation and amortisation		<b>(222,095)</b>	(201,891)
<b>OPERATING PROFIT</b>	3	<b>1,404,131</b>	1,043,424
Interest receivable and similar income		<b>1,228</b>	880
Interest payable and similar charges	6	<b>(62,114)</b>	(64,154)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>1,343,245</b>	980,150
Tax on profit on ordinary activities	7	<b>(333,386)</b>	(265,260)
<b>PROFIT FOR THE FINANCIAL YEAR</b>	15	<b>1,009,859</b>	714,890

All amounts relate to continuing operations

There were no recognised gains and losses for 2012 or 2011 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 2012**

	Note	£	2012 £	£	2011 £
<b>FIXED ASSETS</b>					
Tangible assets	8		3,175,054		3,087,623
<b>CURRENT ASSETS</b>					
Stocks	9	770,671		586,840	
Debtors	10	859,346		1,614,252	
Cash at bank		1,869,461		945,133	
		<u>3,499,478</u>		<u>3,146,225</u>	
<b>CREDITORS: amounts falling due within one year</b>	11	<u>(1,382,537)</u>		<u>(1,384,193)</u>	
<b>NET CURRENT ASSETS</b>			<u>2,116,941</u>		<u>1,762,032</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>5,291,995</u>		<u>4,849,655</u>
<b>CREDITORS: amounts falling due after more than one year</b>	12		<u>(1,013,832)</u>		<u>(1,099,758)</u>
<b>PROVISIONS FOR LIABILITIES</b>					
Deferred tax	13		<u>(80,000)</u>		<u>(85,000)</u>
<b>NET ASSETS</b>			<u>4,198,163</u>		<u>3,664,897</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	14		26,903		26,903
Profit and loss account	15		<u>4,171,260</u>		<u>3,637,994</u>
<b>SHAREHOLDERS' FUNDS</b>	16		<u>4,198,163</u>		<u>3,664,897</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on  
**20 February 2013**

  
**M H Green**  
 Director

  
**T 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 2012**

#### **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 2012

### 1 ACCOUNTING POLICIES (continued)

#### 1.8 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

	2012 £	2011 £
United Kingdom	1,033,263	4,431,319
Rest of European Union	364,769	1,454,965
Rest of world	6,793,246	1,280,776
	<u>8,191,278</u>	<u>7,167,060</u>

### 3. OPERATING PROFIT

The operating profit is stated after charging

	2012 £	2011 £
Depreciation of tangible fixed assets - owned by the company	222,095	201,891
Auditor's remuneration	12,675	12,250
Operating lease costs - plant and machinery - land and buildings	110,725	107,536
	<u>80,000</u>	<u>80,000</u>

# METALOCK ENGINEERING UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

### 4. STAFF COSTS

Staff costs, including directors' remuneration, were as follows

	2012 £	2011 £
Wages and salaries	2,777,985	2,577,234
Social security costs	347,467	317,391
Other pension costs	50,181	57,312
	<u>3,175,633</u>	<u>2,951,937</u>

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

	2012 No	2011 No
Administration	10	11
Production	52	47
	<u>62</u>	<u>58</u>

### 5 DIRECTORS' REMUNERATION

	2012 £	2011 £
Emoluments	<u>198,439</u>	<u>160,269</u>
Company pension contributions to defined contribution pension schemes	<u>5,493</u>	<u>6,300</u>

During the year retirement benefits were accruing to 1 director (2011 - 1) in respect of defined contribution pension schemes

### 6 INTEREST PAYABLE

	2012 £	2011 £
On bank loans	<u>62,114</u>	<u>64,154</u>

# METALOCK ENGINEERING UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

### 7. TAXATION

	2012 £	2011 £
<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	338,386	244,382
Adjustments in respect of prior periods	-	(122)
<b>Total current tax</b>	<b>338,386</b>	<b>244,260</b>
<b>Deferred tax</b> (see note 13)		
Origination and reversal of timing differences	(5,000)	21,000
<b>Tax on profit on ordinary activities</b>	<b>333,386</b>	<b>265,260</b>

#### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2011 - lower than) the standard rate of corporation tax in the UK of 24% (2011 - 26%) The differences are explained below

	2012 £	2011 £
Profit on ordinary activities before tax	1,343,245	980,150
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24% (2011 - 26%)	322,379	254,839
<b>Effects of</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	11,060	5,371
Capital allowances for year in excess of depreciation	(2,979)	(18,250)
Short term timing differences	1,056	(2,127)
Tax rate change	6,870	4,549
Prior year over provision	-	(122)
	<b>338,386</b>	<b>244,260</b>

# METALOCK ENGINEERING UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

### 8. TANGIBLE FIXED ASSETS

	Freehold property £	Plant & machinery £	Fixtures & fittings £	Total £
<b>Cost</b>				
At 1 January 2012	1,981,556	3,417,073	434,747	5,833,376
Additions	-	283,146	26,380	309,526
At 31 December 2012	1,981,556	3,700,219	461,127	6,142,902
<b>Depreciation</b>				
At 1 January 2012	133,987	2,258,805	352,961	2,745,753
Charge for the year	31,547	152,827	37,721	222,095
At 31 December 2012	165,534	2,411,632	390,682	2,967,848
<b>Net book value</b>				
At 31 December 2012	1,816,022	1,288,587	70,445	3,175,054
At 31 December 2011	1,847,569	1,158,268	81,786	3,087,623

Included in land and buildings is freehold land of £440,201 (2011 - £440,201) which is not depreciated

Included in plant and machinery are assets under construction of £162,105 (2011 - £77,603) which is not depreciated

### 9 STOCKS

	2012 £	2011 £
Raw materials	7,660	7,660
Work in progress	763,011	579,180
	770,671	586,840

### 10 DEBTORS

	2012 £	2011 £
Trade debtors	493,229	1,120,530
Amounts owed by group undertakings	205,260	361,468
Other debtors	160,857	132,254
	859,346	1,614,252

# METALOCK ENGINEERING UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

### 11 CREDITORS

#### Amounts falling due within one year

	2012 £	2011 £
Bank loans and overdrafts	149,323	83,799
Payments received on account	100,000	-
Trade creditors	323,793	450,418
Amounts owed to group undertakings	20,852	282,320
Corporation tax	186,068	136,202
Social security and other taxes	154,921	134,100
Other creditors	447,580	297,354
	<u>1,382,537</u>	<u>1,384,193</u>

### 12 CREDITORS

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

	2012 £	2011 £
Bank loans	<u>1,013,832</u>	<u>1,099,758</u>

Creditors include amounts not wholly repayable within 5 years as follows

	2012 £	2011 £
Repayable by instalments	<u>620,801</u>	<u>724,685</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. The fixed rate agreement ends during 2013 and the directors aim to renegotiate a more advantageous rate.

### 13. DEFERRED TAXATION

	2012 £	2011 £
At beginning of year	85,000	64,000
(Released during)/charge for year	(5,000)	21,000
At end of year	<u>80,000</u>	<u>85,000</u>



# METALOCK ENGINEERING UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

### 13. DEFERRED TAXATION (continued)

The provision for deferred taxation is made up as follows

	2012 £	2011 £
Accelerated capital allowances	85,000	86,000
Other timing differences	(5,000)	(1,000)
	<u>80,000</u>	<u>85,000</u>

### 14. SHARE CAPITAL

	2012 £	2011 £
Allotted, called up and fully paid		
107,612 Ordinary shares of £0.25 each	<u>26,903</u>	<u>26,903</u>

### 15. RESERVES

	Profit and loss account £
At 1 January 2012	3,637,994
Profit for the year	1,009,859
Dividends Equity capital	(476,593)
	<u>4,171,260</u>
At 31 December 2012	

### 16. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2012 £	2011 £
Opening shareholders' funds	3,664,897	3,727,748
Profit for the year	1,009,859	714,890
Dividends (Note 17)	(476,593)	(777,741)
	<u>4,198,163</u>	<u>3,664,897</u>
Closing shareholders' funds		

### 17. DIVIDENDS

	2012 £	2011 £
Dividends paid on equity capital	<u>476,593</u>	<u>777,741</u>

## METALOCK ENGINEERING UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

#### 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 £50,181 (2011 - £57,312).

#### 19. OPERATING LEASE COMMITMENTS

At 31 December 2012 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings			Other
	2012	2011	2012	2011
	£	£	£	£
<b>Expiry date</b>				
Within 1 year	-	-	19,177	8,068
Between 2 and 5 years	80,000	80,000	91,548	99,468

#### 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 £31,920 (2011 - £75,357) and recharges for staff time and equipment totalling £nil (2011 - £nil) were made to Metalock Engineering Saudi Arabia, a fellow subsidiary which is 80% owned by the group headed by Midroc AB. Purchases of £66,111 (2011 - £64,649) were also made from this company. A loan was also made to this company during the year of £20,000 (2011 - £nil). At the year end a balance of £20,000 (2011 - £nil) was owed to Metalock Engineering UK Limited.

Sales of £58,593 (2011 - £146,586) and purchases of £15,052 (2011 - £40,957) were also made to/from 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 £123,241 (2011 - £165,174) was due from Metalock Maco Engineering Limited.

At the year end, a balance of £2,400 (2011 - £1,200) was owed from Sheba Charter Limited, a member of the Midroc ABV Rock Group which is also owned by Mohammed H Al Almoudi.

#### 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.