

COMPANIES HOUSE COPY

Registered number: 469627

METALOCK ENGINEERING UK LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

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COMPANIES HOUSE

METALOCK ENGINEERING UK LIMITED

COMPANY INFORMATION

Directors	T R Mårtensson C Wikstrom M H Green
Company secretary	K J Smith
Registered number	469627
Registered office	Unit H5 Pilgrims Walk Prologis Park CV6 4QG
Independent auditors	BDO LLP 125 Colmore Row Birmingham B3 3SD
Bankers	Lloyds TSB Bank Corporate 4th Floor 125 Colmore Row Birmingham B3 2SD
Solicitors	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 2013

The directors present their report and the financial statements for the year ended 31 December 2013

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

Results and dividends

The profit for the year, after taxation, amounted to £473,160 (2012 - £1,009,859)

A final dividend of £669,906 (2012 - £476,593) was declared during the year

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.

Directors

The directors who served during the year were

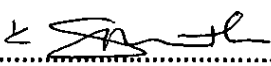
T R Mårtensson
C Wikström
M H Green

Provision of information to auditors

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 auditors are 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 auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

This report was approved by the board on 19th February 2014 and signed on its behalf


.....
K J Smith
Secretary

METALOCK ENGINEERING UK LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

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, 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, 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

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2013

Background

Metalock Engineering UK Limited is part of the marketing concept "Midroc Europe". This term encompasses the activities of the two legal groups Midroc Europe AB and Grantor Invest AB respectively, which combined in 2013 had turnover of SEK 4.3 billion. The companies included in these groups are active in diverse areas, such as building construction, industrial services, environmental technology, real estate investments and capital and value management.

With its main operations based in Sweden, "Midroc Europe" also operates in other regions such as Northern and Eastern Europe and has local presence in the Middle East, India and South Africa. Overall, "Midroc Europe" has a total of 3,000 employees of which the majority are employed in the Swedish operations.

The Midroc AB Group was formed in December 2013 when Midroc Europe AB acquired Midroc AB and Midroc Real Estate AB from its private owner. Since before, Midroc Europe AB owns 49.7% of the shares in Grantor Invest AB.

Developments and review of the business

Business throughout 2013 has fallen, with turnover decreasing by 12% and operating profit by 54%. This has been mainly due to a lack of long term pre-planned projects in the steel and power sectors. The company has also suffered during the year from some poor margin projects being undertaken which has affected overall gross margin. However the company has remained profitable despite the above which demonstrates a solid commercial internal structure which is able to expand and contract as needs require, maintaining flexibility, and a positive financial contribution.

Future outlook

The company started 2014 with a strong order book having secured some major projects within the steel, power and petrochemical sectors and a return to 2012 turnover and profitability levels is predicted.

Principal 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.

This report was approved by the board on 19th February 2014 and signed on its behalf



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 2013 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 statement of directors' responsibilities, 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 Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

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 2013 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.

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

BDO LLP

Tobias Stephenson (Senior statutory auditor)
for and on behalf of BDO LLP, Statutory auditor
Birmingham
United Kingdom

3 March 2014

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

METALOCK ENGINEERING UK LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 £	2012 £
TURNOVER	1,2	7,207,414	8,191,278
Change in stocks of finished goods and work in progress		(429,952)	183,831
Raw materials and consumables		(586,192)	(869,207)
Other external charges		(2,516,021)	(2,704,043)
Staff costs		(2,794,053)	(3,175,633)
Depreciation and amortisation		(236,907)	(222,095)
OPERATING PROFIT	3	644,289	1,404,131
Interest receivable and similar income		907	1,228
Interest payable and similar charges	6	(34,672)	(62,114)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		610,524	1,343,245
Tax on profit on ordinary activities	7	(137,364)	(333,386)
PROFIT FOR THE FINANCIAL YEAR	15	473,160	1,009,859

All amounts relate to continuing operations

There were no recognised gains and losses for 2013 or 2012 other than those included in the profit and loss account


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

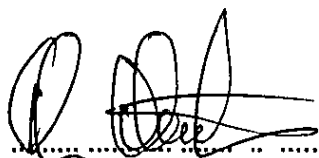
METALOCK ENGINEERING UK LIMITED
REGISTERED NUMBER: 469627

BALANCE SHEET
AS AT 31 DECEMBER 2013

	Note	£	2013 £	£	2012 £
FIXED ASSETS					
Tangible assets	8		3,235,754		3,175,054
CURRENT ASSETS					
Stocks	9	340,719		770,671	
Debtors	10	1,900,972		859,346	
Cash at bank and in hand		579,305		1,869,461	
		<u>2,820,996</u>		<u>3,499,478</u>	
CREDITORS: amounts falling due within one year	11	<u>(1,115,102)</u>		<u>(1,382,537)</u>	
NET CURRENT ASSETS			<u>1,705,894</u>		<u>2,116,941</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>4,941,648</u>		<u>5,291,995</u>
CREDITORS: amounts falling due after more than one year	12		<u>(830,231)</u>		<u>(1,013,832)</u>
PROVISIONS FOR LIABILITIES					
Deferred tax	13		<u>(110,000)</u>		<u>(80,000)</u>
NET ASSETS			<u><u>4,001,417</u></u>		<u><u>4,198,163</u></u>
CAPITAL AND RESERVES					
Called up share capital	14		26,903		26,903
Profit and loss account	15		<u>3,974,514</u>		<u>4,171,260</u>
SHAREHOLDERS' FUNDS	16		<u><u>4,001,417</u></u>		<u><u>4,198,163</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
18 February 2014


.....
M H Green
Director


.....
T R Martensson
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 2013

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% - 33% straight line
Fixtures and fittings	-	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 2013

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

	2013 £	2012 £
United Kingdom	3,466,326	1,033,263
Rest of European Union	1,760,357	364,769
Rest of world	1,980,731	6,793,246
	<u>7,207,414</u>	<u>8,191,278</u>

3. OPERATING PROFIT

The operating profit is stated after charging

	2013 £	2012 £
Depreciation of tangible fixed assets		
- owned by the company	236,907	222,095
Auditors' remuneration	18,000	12,675
Operating lease costs - plant and machinery	93,416	110,725
- land and buildings	80,000	80,000
	<u>408,323</u>	<u>425,495</u>

METALOCK ENGINEERING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

4. STAFF COSTS

Staff costs, including directors' remuneration, were as follows

	2013 £	2012 £
Wages and salaries	2,409,374	2,777,985
Social security costs	333,859	347,467
Other pension costs	50,820	50,181
	<u>2,794,053</u>	<u>3,175,633</u>

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

	2013 No.	2012 No
Administration	10	10
Production	50	52
	<u>60</u>	<u>62</u>

5. DIRECTORS' REMUNERATION

	2013 £	2012 £
Remuneration	<u>177,467</u>	<u>198,439</u>
Company pension contributions to defined contribution pension schemes	<u>7,400</u>	<u>5,493</u>

During the year retirement benefits were accruing to 1 director (2012 - 1) in respect of defined contribution pension schemes

6. INTEREST PAYABLE

	2013 £	2012 £
On bank loans	26,846	62,114
On balance due to group undertakings	7,826	-
	<u>34,672</u>	<u>62,114</u>

METALOCK ENGINEERING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

7. TAXATION

	2013 £	2012 £
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	107,364	338,386
Deferred tax		
Origination and reversal of timing differences	40,756	(5,000)
Effect of changes in tax rate	(10,387)	-
Prior year adjustment	(369)	-
Total deferred tax (see note 13)	30,000	(5,000)
Tax on profit on ordinary activities	137,364	333,386

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2012 - higher than) the standard rate of corporation tax in the UK of 23% (2012 - 24%) The differences are explained below

	2013 £	2012 £
Profit on ordinary activities before tax	610,524	1,343,245
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23% (2012 - 24%)	140,421	322,379
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	11,049	11,060
Capital allowances for year in excess of depreciation	(47,112)	(2,979)
Short term timing differences	68	1,056
Tax rate change	-	6,870
Effect of change in tax rate in the year	2,938	-
	107,364	338,386

METALOCK ENGINEERING UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

8. TANGIBLE FIXED ASSETS

	Freehold property £	Plant & machinery £	Fixtures & fittings £	Total £
Cost				
At 1 January 2013	1,981,556	3,700,219	461,127	6,142,902
Additions	-	273,003	24,604	297,607
At 31 December 2013	<u>1,981,556</u>	<u>3,973,222</u>	<u>485,731</u>	<u>6,440,509</u>
Depreciation				
At 1 January 2013	165,534	2,411,632	390,682	2,967,848
Charge for the year	31,287	176,772	28,848	236,907
At 31 December 2013	<u>196,821</u>	<u>2,588,404</u>	<u>419,530</u>	<u>3,204,755</u>
Net book value				
At 31 December 2013	<u>1,784,735</u>	<u>1,384,818</u>	<u>66,201</u>	<u>3,235,754</u>
At 31 December 2012	<u>1,816,022</u>	<u>1,288,587</u>	<u>70,445</u>	<u>3,175,054</u>

Included in land and buildings is freehold land of £440,201 (2012 - £440,201) which is not depreciated

Included in plant and machinery are assets under construction of £74,173 (2012 - £162,105) which is not depreciated

9. STOCKS

	2013 £	2012 £
Raw materials	7,660	7,660
Work in progress	333,059	763,011
	<u>340,719</u>	<u>770,671</u>

10. DEBTORS

	2013 £	2012 £
Trade debtors	1,333,666	493,229
Amounts owed by group undertakings	429,030	205,260
Other debtors	14,403	15,436
Prepayments and accrued income	123,873	145,421
	<u>1,900,972</u>	<u>859,346</u>

METALOCK ENGINEERING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

11. CREDITORS: Amounts falling due within one year

	2013 £	2012 £
Bank loans and overdrafts	145,071	149,323
Payments received on account	-	100,000
Trade creditors	265,816	323,793
Amounts owed to group undertakings	323,041	20,852
Corporation tax	7,799	186,068
Other taxation and social security	173,222	154,921
Accruals and deferred income	200,153	447,580
	<u>1,115,102</u>	<u>1,382,537</u>

12. CREDITORS: Amounts falling due after more than one year

	2013 £	2012 £
Bank loans	<u>830,231</u>	<u>1,013,832</u>

Creditors include amounts not wholly repayable within 5 years as follows

	2013 £	2012 £
Repayable by instalments	<u>324,811</u>	<u>620,801</u>

The loans are payable over periods ending in January 2018, January 2023 and March 2023 and are secured on the freehold property

Interest accrues partly at a variable rate of fixed rate of 2.605% per annum and partly at a fixed rate of 1.95% per annum above the bank base rate

13. DEFERRED TAXATION

	2013 £	2012 £
At beginning of year	80,000	85,000
Charge for/(released during) year	30,000	(5,000)
At end of year	<u>110,000</u>	<u>80,000</u>

METALOCK ENGINEERING UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

13. DEFERRED TAXATION (continued)

The provision for deferred taxation is made up as follows

	2013 £	2012 £
Accelerated capital allowances	112,000	85,000
Other timing differences	(2,000)	(5,000)
	<u>110,000</u>	<u>80,000</u>

14. SHARE CAPITAL

	2013 £	2012 £
Allotted, called up and fully paid		
107,612 Ordinary shares of 25 pence each	<u>26,903</u>	<u>26,903</u>

15. RESERVES

	Profit and loss account £
At 1 January 2013	4,171,260
Profit for the financial year	473,160
Dividends Equity capital	(669,906)
	<u>3,974,514</u>
At 31 December 2013	

16. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2013 £	2012 £
Opening shareholders' funds	4,198,163	3,664,897
Profit for the financial year	473,160	1,009,859
Dividends (Note 17)	(669,906)	(476,593)
	<u>4,001,417</u>	<u>4,198,163</u>
Closing shareholders' funds		

17. DIVIDENDS

	2013 £	2012 £
Dividends paid on equity capital	<u>669,906</u>	<u>476,593</u>

METALOCK ENGINEERING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

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 £50,820 (2012 - £50,181)

19. OPERATING LEASE COMMITMENTS

At 31 December 2013 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings			Other
	2013	2012	2013	2012
	£	£	£	£
Expiry date:				
Within 1 year	-	-	37,990	19,177
Between 1 and 5 years	80,000	80,000	53,292	91,548

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 Europe AB

During the year sales of £104,878 (2012 - £31,920) were made to Metalock Engineering Saudi Arabia, a fellow subsidiary whose ownership by the group headed by Midroc Europe AB increased from 80% to 100% during 2013. Purchases of £35,958 (2012 - £66,111) were also made from this company. At the year end, a balance of £121,766 (2012 - £nil) was owed by Metalock Engineering Saudi Arabia to Metalock Engineering UK Limited. At the year end, a loan balance also remained of £90,000 (2012 - £20,000) due to Metalock Engineering UK Limited.

Sales of £326,507 (2012 - £58,593) and purchases of £nil (2012 - £15,052) were also made to/from Metalock Maco Engineering Limited, a joint venture which is 51% owned by the group headed by Midroc Europe AB. At the year end a balance of £150,691 (2012 - £123,241) was due from Metalock Maco Engineering Limited.

At the year end, a balance of £nil (2012 - £2,400) 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 Europe 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 Europe AB is ultimately controlled by Mohammed H Al-Amoudi.