

METALOCK ENGINEERING UK LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

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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

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

Background

Metalock Engineering UK Limited is part of Midroc Europe covering companies in the sister groups Midroc Europe AB and Granitor Invest AB. The individual subsidiaries in the grouping are active in various key areas; "Services", particularly contracting and consulting services in the civil, industrial and environmental fields but also financial services and "Investments", mainly real estate and financial investments and investments in development companies. With operations principally in Sweden, Midroc Europe is also active in other European countries, the Middle East, Africa and India. In 2014, these companies in total generated a turnover of more than SEK 5 billion and employed approximately 3200 employees, whereof the majority are employed in Sweden.

Developments and review of the business

Business throughout 2014 has improved on the previous year, with turnover increasing by 29% and operating profit by 46%. This increased turnover was achieved by utilisation of group sister companies at times of peak capacity. The company had a variety of large projects in the steel and power generation industries, however these projects were undertaken at lower profit margins.

Future outlook

Future outlook for 2015 looks reasonably promising with large enquiries in the steel industry and large heritage projects for the Metalock department. Profit and turnover are predicted to be in line with forecast.

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.

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

This report was approved by the board on 19th MARCH 2015 and signed on its behalf.



**K J Smith
Secretary**

METALOCK ENGINEERING UK LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2014**

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

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 £693,145 (2013 - £473,160).

A final dividend of £315,409 (2013 - £669,906) was declared during the year.

Directors

The directors who served during the year were:

T R Mårtensson
C Wikstrom
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 March 2015 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 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 2014 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 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

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

26 March 2015

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 2014**

	Note	2014 £	2013 £
TURNOVER			
Change in stocks of finished goods and work in progress	1,2	9,303,264	7,207,414
Raw materials and consumables		112,809	(429,952)
Other external charges		(788,006)	(586,192)
Staff costs		(3,927,851)	(2,516,020)
Depreciation and amortisation		(3,535,935)	(2,794,053)
		<u>(257,586)</u>	<u>(230,908)</u>
OPERATING PROFIT			
Interest receivable and similar income	3	906,695	644,289
Interest payable and similar charges	6	1,054	907
		<u>(18,769)</u>	<u>(34,672)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			
Tax on profit on ordinary activities	7	888,980	610,524
		<u>(195,835)</u>	<u>(137,364)</u>
PROFIT FOR THE FINANCIAL YEAR	15	<u>693,145</u>	<u>473,160</u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2014 or 2013 other than those included in the profit and loss account.

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

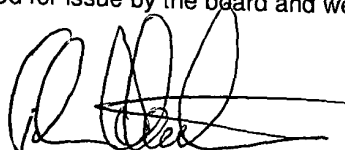
METALOCK ENGINEERING UK LIMITED
REGISTERED NUMBER: 469627

BALANCE SHEET
AS AT 31 DECEMBER 2014

	Note	£	2014 £	£	2013 £
FIXED ASSETS					
Tangible assets	8		3,392,505		3,235,754
CURRENT ASSETS					
Stocks	9	453,528		340,719	
Debtors	10	2,512,067		1,900,972	
Cash at bank and in hand		449,895		579,305	
			<u>3,415,490</u>	<u>2,820,996</u>	
CREDITORS: amounts falling due within one year	11	(1,584,646)		(1,115,102)	
NET CURRENT ASSETS			<u>1,830,844</u>		<u>1,705,894</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>5,223,349</u>		<u>4,941,648</u>
CREDITORS: amounts falling due after more than one year	12		(684,079)		(830,231)
PROVISIONS FOR LIABILITIES					
Deferred tax	13		(160,117)		(110,000)
NET ASSETS			<u>4,379,153</u>		<u>4,001,417</u>
CAPITAL AND RESERVES					
Called up share capital	14		26,903		26,903
Profit and loss account	15		4,352,250		3,974,514
SHAREHOLDERS' FUNDS	16		<u>4,379,153</u>		<u>4,001,417</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 19th March 2015


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 2014

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 2014

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:

	2014 £	2013 £
United Kingdom	4,930,578	3,466,326
Rest of European Union	2,208,513	1,760,357
Rest of world	2,164,173	1,980,731
	<u>9,303,264</u>	<u>7,207,414</u>

3. OPERATING PROFIT

The operating profit is stated after charging:

	2014 £	2013 £
Depreciation of tangible fixed assets:		
- owned by the company	257,586	236,908
Auditors' remuneration	13,750	13,050
Operating lease costs - plant and machinery	146,724	93,416
- land and buildings	80,000	80,000
	<u>497,060</u>	<u>423,374</u>

4. STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

	2014 £	2013 £
Wages and salaries	3,084,746	2,409,374
Social security costs	366,262	333,859
Other pension costs	84,927	50,820
	<u>3,535,935</u>	<u>2,794,053</u>

METALOCK ENGINEERING UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

4. STAFF COSTS (continued)

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

	2014 No.	2013 No.
Administration	12	10
Production	49	50
	<u>61</u>	<u>60</u>

5. DIRECTORS' REMUNERATION

	2014 £	2013 £
Remuneration	<u>188,134</u>	<u>177,467</u>
Company pension contributions to defined contribution pension schemes	<u>7,688</u>	<u>7,400</u>

During the year retirement benefits were accruing to 1 director (2013 - 1) in respect of defined contribution pension schemes.

6. INTEREST PAYABLE

	2014 £	2013 £
On bank loans	18,769	26,846
On balance due to group undertakings	-	7,826
	<u>18,769</u>	<u>34,672</u>

METALOCK ENGINEERING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

7. TAXATION

	2014 £	2013 £
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	150,643	107,364
Adjustments in respect of prior periods	(4,925)	-
Total current tax	145,718	107,364
Deferred tax		
Origination and reversal of timing differences	50,117	40,756
Effect of changes in tax rate	-	(10,387)
Adjustments in respect of prior periods	-	(369)
Total deferred tax (see note 13)	50,117	30,000
Tax on profit on ordinary activities	195,835	137,364

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2013 - lower than) the standard rate of corporation tax in the UK of 21% (2013 - 23%). The differences are explained below:

	2014 £	2013 £
Profit on ordinary activities before tax	888,980	610,524
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21% (2013 - 23%)	186,686	140,421
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	10,024	11,049
Capital allowances for year in excess of depreciation	(50,051)	(47,112)
Short term timing differences	392	68
Prior year over provision	(4,925)	-
Effect of change in tax rate in the year	3,592	2,938
	145,718	107,364

METALOCK ENGINEERING UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

8. TANGIBLE FIXED ASSETS

	Freehold property £	Plant & machinery £	Fixtures & fittings £	Total £
Cost				
At 1 January 2014	1,981,556	3,973,222	485,731	6,440,509
Additions	-	415,354	9,912	425,266
Disposals	-	(8,000)	(2,929)	(10,929)
At 31 December 2014	1,981,556	4,380,576	492,714	6,854,846
Depreciation				
At 1 January 2014	196,821	2,588,404	419,530	3,204,755
Charge for the year	31,289	202,535	23,762	257,586
At 31 December 2014	228,110	2,790,939	443,292	3,462,341
Net book value				
At 31 December 2014	1,753,446	1,589,637	49,422	3,392,505
At 31 December 2013	1,784,735	1,384,818	66,201	3,235,754

Included in land and buildings is freehold land of £440,201 (2013 - £440,201) which is not depreciated.

Included in plant and machinery are assets under construction of £112,364 (2013 - £74,173) which is not depreciated.

9. STOCKS

	2014 £	2013 £
Raw materials	7,660	7,660
Work in progress	445,868	333,059
	453,528	340,719

10. DEBTORS

	2014 £	2013 £
Trade debtors	2,314,926	1,333,666
Amounts owed by group undertakings	85,364	429,030
Other debtors	5,427	14,403
Prepayments and accrued income	106,350	123,873
	2,512,067	1,900,972

METALOCK ENGINEERING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

11. CREDITORS: Amounts falling due within one year

	2014 £	2013 £
Bank loans and overdrafts	148,581	145,071
Trade creditors	607,126	265,816
Amounts owed to group undertakings	188,758	323,041
Corporation tax	56,177	7,799
Other taxation and social security	296,165	173,222
Accruals and deferred income	287,839	200,153
	<u>1,584,646</u>	<u>1,115,102</u>

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

	2014 £	2013 £
Bank loans	<u>684,079</u>	<u>830,231</u>

Creditors include amounts not wholly repayable within 5 years as follows:

	2014 £	2013 £
Repayable by instalments	<u>182,443</u>	<u>324,811</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 1.965% per annum above the bank base rate.

13. DEFERRED TAXATION

	2014 £	2013 £
At beginning of year	110,000	80,000
Charge for year	50,117	30,000
At end of year	<u>160,117</u>	<u>110,000</u>

METALOCK ENGINEERING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

13. DEFERRED TAXATION (continued)

The provision for deferred taxation is made up as follows:

	2014 £	2013 £
Accelerated capital allowances	162,117	112,000
Other timing differences	(2,000)	(2,000)
	<u>160,117</u>	<u>110,000</u>

14. SHARE CAPITAL

	2014 £	2013 £
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 2014	
Profit for the year	3,974,514
Dividends: Equity capital	693,145
	(315,409)
At 31 December 2014	<u>4,352,250</u>

16. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2014 £	2013 £
Opening shareholders' funds	4,001,417	4,198,163
Profit for the financial year	693,145	473,160
Dividends (Note 17)	(315,409)	(669,906)
Closing shareholders' funds	<u>4,379,153</u>	<u>4,001,417</u>

17. DIVIDENDS

	2014 £	2013 £
Dividends paid on equity capital	<u>315,409</u>	<u>669,906</u>

METALOCK ENGINEERING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

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 £84,297 (2013 - £50,820).

19. OPERATING LEASE COMMITMENTS

At 31 December 2014 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		2014	Other
	2014	2013		
	£	£	£	£
Expiry date:				
Within 1 year	80,000	-	15,728	37,990
Between 1 and 5 years	-	80,000	105,526	53,292

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.

Sales of £135,910 (2013 - £326,507) and purchases of £189,080 (2013 - £nil) 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 £2,846 (2013 - £150,691) 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 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.