

# Financial Statements Metalrax Overseas Holdings Limited

---

**For the period ended 31 March 2013**



**Registered number: 00593123**

## Metalrax Overseas Holdings Limited

# Company Information

<b>Directors</b>	A Richardson C Green
<b>Registered number</b>	00593123
<b>Registered office</b>	Rectory Court, Old Rectory Lane Alvechurch Birmingham West Midlands B48 7SX
<b>Independent auditor</b>	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Colmore Plaza 20 Colmore Circus Birmingham West Midlands B4 6AT

## Contents

	Page
<b>Directors' report</b>	1 - 2
<b>Independent auditor's report</b>	3 - 5
<b>Consolidated profit and loss account</b>	6
<b>Consolidated balance sheet</b>	7
<b>Company balance sheet</b>	8
<b>Consolidated cash flow statement</b>	9
<b>Notes to the financial statements</b>	10 - 22

## **Directors' report**

**For the period ended 31 March 2013**

The directors present their report and the financial statements for the period ended 31 March 2013

### **Principal activities**

The principal activity of the group during the year continued to be the manufacturing of power safety equipment

### **Business review**

The directors consider the performance of the group during the year and the year end financial position satisfactory given the economic conditions faced by the group during the year

The directors do not recommend the payment of a dividend for the year (2011 £nil)

### **Results**

The loss for the period, after taxation, amounted to £105,000 (2011 profit £468,000)

### **Going concern**

The group has net current liabilities of £267,000 (2011 £1,656,000) and has made a loss for the period of £105,000 (2011 profit for the year of £468,000). Of the net current liabilities at the period end, amounts due to the ultimate parent company, Metalrax Group plc, are £846,000 (2011 restated £2,224,000)

On 2 April 2013, the share capital of the company was acquired by Arc Specialist Engineering Limited, which has also acquired the debtor owed by Metalrax Overseas Holdings Limited to its previous parent company. The new ultimate parent company has provided the directors with confirmation that it will continue to provide the company with financial support for a period of at least 12 months from the date of approval of the financial statements

Having received such confirmation, and after reviewing the parent company's budget and projected cash flows the directors have a reasonable expectation that the company has adequate resources to meet its obligations and continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern

### **Events since the end of the year**

Subsequent to the year end the group has sold its investment in Metalrax Holdings Inc and its wholly owned subsidiary Post Glover Life link Inc

### **Directors**

The directors who served during the period were

A Richardson

C Green (appointed 13 January 2012)

## **Directors' report**

**For the period ended 31 March 2013**

### **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 the group and of the profit or loss of the group 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,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Disclosure 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 and the group'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 relevant audit information and to establish that the company and the group's auditor is aware of that information.

### **Auditor**

Under section 487(2) of the Companies Act 2006, Grant Thornton UK LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

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



**C Green**  
Director

Date 4 December 2013



## Independent auditor's report to the members of Metalrax Overseas Holdings Limited

We have audited the financial statements of Metalrax Overseas Holdings Limited for the period ended 31 March 2013, which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement, the reconciliation of net cash flow to movement in net debt 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 (APB's) Ethical Standards for Auditors. Due to the matter described in the basis for disclaimer of opinion on the consolidated profit and loss account and consolidated cash flow statement paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an opinion on the consolidated profit and loss account and consolidated cash flow statement.

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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

## Independent auditor's report to the members of Metalrax Overseas Holdings Limited

### **Basis for disclaimer of opinion on the consolidated profit and loss account and consolidated cash flow statement**

For the year ended 31 December 2011, the company was exempt from the requirement to prepare group accounts, as it itself was a subsidiary undertaking included in the consolidated accounts of a larger group as defined by Section 400 of the Companies Act 2006. However, from 2 April 2013, this exemption is no longer available for the reasons set out in note 21 to the financial statements. As a result, Metalrax Overseas Holdings Limited has prepared group accounts for the period ended 31 March 2013 for the first time. The group accounts include the results of a material subsidiary undertaking of the group, Post Glover Lifelink Inc. This subsidiary does not require a statutory audit under generally accepted accounting practice in the United States of America. As a consequence, the financial statements of Post Glover Lifelink Inc for the year ended 31 December 2011, which form the basis for the corresponding figures presented in the current period's financial statements, were unaudited. We were unable to obtain sufficient appropriate audit evidence with respect to the opening balances as at 1 January 2012 of stock, debtors, cash at bank and creditors. As these balances enter into the determination of the financial performance and cash flows, we were unable to determine whether adjustments might have been necessary in respect of its financial performance and cash flows for the period ended 31 March 2013.

### **Disclaimer of opinion on the consolidated profit and loss account and consolidated cash flow statement**

Because of the significance of the matter described in the basis for disclaimer of opinion on the consolidated profit and loss account and consolidated cash flow statement paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the consolidated profit and loss account and consolidated cash flow statement. Accordingly, we do not express an opinion on the consolidated profit and loss account and consolidated cash flow statement.

### **Opinion on the balance sheet**

In our opinion the balance sheet

- gives a true and fair view of the state of the group's and parent company's affairs as at 31 March 2013,
- has been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- has been prepared in accordance with the requirements of the Companies Act 2006.

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

Notwithstanding our disclaimer of an opinion on the consolidated profit and loss account and consolidated cash flow statement, in our opinion the information given in the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.



## Independent auditor's report to the members of Metalrax Overseas Holdings Limited

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

In respect solely of the limitation on our work relating to the profit and loss account and cash flow statement for the period ended 31 March 2013, described above

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit, and
- we were unable to determine whether adequate accounting records had been kept

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

- 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

### **Other matter**

For the year ended 31 December 2011, Metalrax Overseas Holdings Limited was exempt from the requirement to prepare group accounts, as it itself was a subsidiary undertaking included in the consolidated accounts of a larger group as defined by Section 400 of the Companies Act 2006. Accordingly, the corresponding figures for the period ended 31 March 2013 are unaudited

Grant Thornton UK LLP

Rebecca Eagle (senior statutory auditor)  
for and on behalf of  
Grant Thornton UK LLP  
Chartered Accountants  
Statutory Auditor  
Birmingham

4 December 2013



## Consolidated profit and loss account

For the period ended 31 March 2013

		Period ended 31 March 2013 £000	Unaudited Year ended 31 December 2011 £000
	Note		
<b>Turnover</b>	1	<b>6,878</b>	5,233
Cost of sales		(2,757)	(2,092)
<b>Gross profit</b>		<b>4,121</b>	3,141
Distribution costs		(400)	(327)
Administrative expenses		(3,575)	(2,171)
<b>Profit on ordinary activities before taxation</b>	3	<b>146</b>	643
Tax on profit on ordinary activities	5	(251)	(175)
<b>(Loss)/profit for the financial period</b>	13	<b>(105)</b>	468

All amounts relate to continuing operations

There were no recognised gains and losses for the period ended 31 March 2013 or the year ended 31 December 2011 other than those included in the profit and loss account

The notes on pages 10 to 22 form part of these financial statements

## Consolidated balance sheet

As at 31 March 2013

			31 March 2013	Unaudited 31 December 2011
	Note	£000	£000	£000
<b>Fixed assets</b>				
Intangible assets	6		1,027	1,133
Tangible assets	7		170	1,483
			<u>1,197</u>	<u>2,616</u>
<b>Current assets</b>				
Stocks	9	268		264
Debtors	10	595		683
Cash at bank		329		368
		<u>1,192</u>		<u>1,315</u>
<b>Creditors: amounts falling due within one year</b>	11	(1,459)		(2,971)
<b>Net current liabilities</b>			<u>(267)</u>	<u>(1,656)</u>
<b>Net assets</b>			<u>930</u>	<u>960</u>
<b>Capital and reserves</b>				
Called up share capital	12		5	5
Capital redemption reserve	13		30	30
Foreign exchange reserve	13		(54)	(129)
Profit and loss account	13		949	1,054
<b>Equity shareholders' funds</b>	15		<u>930</u>	<u>960</u>

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



**C Green**  
Director  
Date 4 December 2013

The notes on pages 10 to 22 form part of these financial statements

## Company balance sheet

As at 31 March 2013

		31 March 2013 £000	As restated Unaudited 31 December 2011 £000
	Note		
<b>Fixed assets</b>			
Investments	8	4,410	4,410
<b>Creditors, amounts falling due within one year</b>	11	(846)	(2,224)
<b>Net assets</b>		<u>3,564</u>	<u>2,186</u>
<b>Capital and Reserves</b>			
Called up share capital	12	5	5
Capital redemption reserve	13	30	30
Profit and loss account	13	<u>3,529</u>	<u>2,151</u>
<b>Equity shareholders' funds</b>	15	<u>3,564</u>	<u>2,186</u>

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



**C Green**  
 Director  
 Date 4 December 2013

The notes on pages 10 to 22 form part of these financial statements

## Consolidated cash flow statement

For the period ended 31 March 2013

		<b>Period ended 31 March 2013 £000</b>	<b>Unaudited Year ended 31 December 2011 £000</b>
	<b>Note</b>		
Net cash flow from operating activities	16	(1,127)	324
Taxation		(251)	(175)
Capital expenditure and financial investment	17	1,332	(67)
<b>(Decrease)/increase in cash in the period</b>		<b>(46)</b>	<b>82</b>

## Reconciliation of net cash flow to movement in net funds/(debt)

For the period ended 31 March 2013

	<b>Period ended 31 March 2013 £000</b>	<b>Unaudited Year ended 31 December 2011 £000</b>
(Decrease)/increase in cash in the period	(46)	82
<b>Change in net debt resulting from cash flows</b>	<b>(46)</b>	<b>82</b>
Foreign exchange movement	7	(4)
<b>Movement in net debt in the period</b>	<b>(39)</b>	<b>78</b>
Opening net funds	368	290
<b>Closing net funds</b>	<b>329</b>	<b>368</b>

The notes on pages 10 to 22 form part of these financial statements

## **Notes to the financial statements**

**For the period ended 31 March 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 Prior year adjustment**

Amounts owed to group undertakings in the year ended 31 December 2011 have been restated from £4,382,000 to £2,223,000 to account for dividends that had been remitted from the subsidiary Post Glover Lifelink Inc to Metalrax Group plc but had not been reflected in the books of the company in error. Dividend income of £645,000 has also been recognised in the profit and loss account of the company for the year ended 31 December 2011

#### **1.3 Going concern**

The group has net current liabilities of £267,000 (2011 £1,656,000) and has made a loss for the period of £105,000 (2011 profit for the year of £468,000). Of the net current liabilities at the period end, amounts due to the ultimate parent company, Metalrax Group plc, are £846,000 (2011 restated £2,224,000)

On 2 April 2013, the share capital of the company was acquired by Arc Specialist Engineering Limited, which has also acquired the debtor owed by Metalrax Overseas Holdings Limited to its previous parent company. The new ultimate parent company has provided the directors with confirmation that it will continue to provide the company with financial support for a period of at least 12 months from the date of approval of the financial statements.

Having received such confirmation, and after reviewing the parent company's budget and projected cash flows, the directors have a reasonable expectation that the company has adequate resources to meet its obligations and continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

#### **1.4 Basis of consolidation**

The financial statements consolidate the accounts of Metalrax Overseas Holdings Limited and all of its subsidiary undertakings ('subsidiaries').

#### **1.5 Turnover**

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the period, exclusive of Value Added Tax and trade discounts. Sales of goods are recognised when goods are delivered and title has passed.

#### **1.6 Intangible fixed assets and amortisation**

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the profit and loss account over its estimated economic life of 20 years.

## Notes to the financial statements

For the period ended 31 March 2013

### 1. Accounting policies (continued)

#### 1.7 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Freehold property	-	2% per annum straight-line
Plant and machinery	-	10-25% per annum straight-line
Motor vehicles	-	10-25% per annum straight-line
Fixtures and fittings	-	10-25% per annum straight-line

#### 1.8 Investments

Investments in subsidiaries are valued at cost less provision for impairment

#### 1.9 Operating leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term

#### 1.10 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads

#### 1.11 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

## **Notes to the financial statements**

**For the period ended 31 March 2013**

### **1. Accounting policies (continued)**

#### **1.12 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.

The financial statements of foreign subsidiaries are translated at the closing exchange rate at the balance sheet date. The exchange differences arising from the retranslation of the opening net investment in subsidiaries are taken directly to reserves through the statement of total recognised gains and losses.

#### **1.13 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 period.

# Notes to the financial statements

For the period ended 31 March 2013

## 2. Turnover

The whole of the turnover is attributable to the principal activity of the group

All turnover arose within the rest of the world

## 3. Profit on ordinary activities before taxation

The profit is stated after charging/(crediting)

	Period ended 31 March 2013 £000	Unaudited Year ended 31 December 2011 £000
Amortisation - intangible fixed assets	106	71
Depreciation of tangible fixed assets		
- owned by the group	64	87
Operating lease rentals		
- other operating leases	47	-
Difference on foreign exchange	55	9
Profit on disposal of freehold property	(67)	(13)

During the period, no director received any emoluments (2011 - £NIL)

Auditors' remuneration was borne by a fellow group undertaking for both the current and prior period



# Notes to the financial statements

For the period ended 31 March 2013

## 4. Staff costs

Staff costs were as follows

	Period ended 31 March 2013 £000	Unaudited Year ended 31 December 2011 £000
Wages and salaries	1,702	1,402
Social security costs	150	130
Other pension costs	87	31
	<u>1,939</u>	<u>1,563</u>

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

	Period ended 31 March 2013 No.	Unaudited Year ended 31 December 2011 No.
Administrative employees	7	9
Manufacturing employees	18	17
Selling employees	6	5
	<u>31</u>	<u>31</u>

# Notes to the financial statements

For the period ended 31 March 2013

## 5. Taxation

	Period ended 31 March 2013 £000	Unaudited Year ended 31 December 2011 £000
Foreign tax on income for the period	251	175
<b>Tax on profit on ordinary activities</b>	<b>251</b>	<b>175</b>

### Factors affecting tax charge for the period

The tax assessed for the period is higher than (2011 - higher than) the standard rate of corporation tax in the UK of 20% (2011 - 20%). The differences are explained below:

	Period ended 31 March 2013 £000	Unaudited Year ended 31 December 2011 £000
Profit on ordinary activities before tax	146	643
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2011 - 20%)	29	129
<b>Effects of:</b>		
Higher rate taxes on overseas earnings	222	46
<b>Current tax charge for the period (see note above)</b>	<b>251</b>	<b>175</b>

## Notes to the financial statements

For the period ended 31 March 2013

**6. Intangible fixed assets**

Group	Goodwill £000
<b>Cost</b>	
At 1 January 2012 and 31 March 2013	<u>1,416</u>
<b>Amortisation</b>	
At 1 January 2012	283
Charge for the period	<u>106</u>
At 31 March 2013	<u>389</u>
<b>Net book value</b>	
At 31 March 2013	<u>1,027</u>
At 31 December 2011	<u>1,133</u>

**7. Tangible fixed assets**

Group	Freehold property £000	Plant and machinery £000	Motor vehicles £000	Fixtures and fittings £000	Total £000
<b>Cost</b>					
At 1 January 2012	1,458	342	17	232	2,049
Additions	-	5	9	16	30
Disposals	(1,436)	-	-	-	(1,436)
Transfer between classes	(37)	-	-	37	-
Foreign exchange movement	15	9	-	6	30
At 31 March 2013	<u>-</u>	<u>356</u>	<u>26</u>	<u>291</u>	<u>673</u>
<b>Depreciation</b>					
At 1 January 2012	147	246	17	156	566
Charge for the period	12	22	3	27	64
On disposals	(142)	-	-	-	(142)
Transfer between classes	(20)	-	-	20	-
Foreign exchange movement	3	6	1	5	15
At 31 March 2013	<u>-</u>	<u>274</u>	<u>21</u>	<u>208</u>	<u>503</u>
<b>Net book value</b>					
At 31 March 2013	<u>-</u>	<u>82</u>	<u>5</u>	<u>83</u>	<u>170</u>
At 31 December 2011	<u>1,311</u>	<u>96</u>	<u>-</u>	<u>76</u>	<u>1,483</u>

# Notes to the financial statements

For the period ended 31 March 2013

## 8. Fixed asset investments

Company	Investments in subsidiary companies £000
Cost and net book value	
At 1 January 2012 and 31 March 2013	<u>4,410</u>

The investment at the year end represents shareholdings in the following companies

Company name	Country	Percentage Shareholding	Description
Metalrax Holdings Inc	USA	100	Holding company
Post Glover Lifelink Inc *	USA	100	Trading company

\*The investment in Post Glover Lifelink Inc is held indirectly

## 9. Stocks

	<u>Group</u>	
	Unaudited 31 March 2013 £000	Unaudited 31 December 2011 £000
Finished goods and goods for resale	<u>268</u>	<u>264</u>

## 10. Debtors

	<u>Group</u>		<u>Company</u>	
	Unaudited 31 March 2013 £000	Unaudited 31 December 2011 £000	Unaudited 31 March 2013 £000	Unaudited 31 December 2011 £000
Trade debtors	514	643	-	-
Prepayments and accrued income	81	40	-	-
	<u>595</u>	<u>683</u>	<u>-</u>	<u>-</u>

# Notes to the financial statements

For the period ended 31 March 2013

## 11. Creditors:

Amounts falling due within one year

	<u>Group</u>		<u>Company</u>	
	31 March	Unaudited 31 December	31 March	As restated Unaudited 31 December
	2013	2011	2013	2011
	£000	£000	£000	£000
Trade creditors	363	342	-	-
Amounts owed to group undertakings (note 14)	846	2,223	846	2,224
Other creditors	236	390	-	-
Accruals and deferred income	14	16	-	-
	<u>1,459</u>	<u>2,971</u>	<u>846</u>	<u>2,224</u>

## 12. Share capital

	31 March	Unaudited 31 December
	2013	2011
	£000	£000
Allotted, called up and fully paid		
5,000 Ordinary shares of £1 each	<u>5</u>	<u>5</u>

# Notes to the financial statements

For the period ended 31 March 2013

## 13. Reserves

	Capital reserve £000	Foreign exchange reserve £000	Profit and loss account £000
<b>Group</b>			
At 1 January 2012	30	(129)	1,054
Loss for the financial period	-	-	(105)
Movement on foreign exchange	-	75	-
	<u>30</u>	<u>(54)</u>	<u>949</u>
At 31 March 2013			
<b>Company</b>		Capital reserve £000	Profit and loss account £000
At 1 January 2012 (as previously stated)		30	(7)
Prior year adjustment (note 14)			2,158
			<u>2,151</u>
At 1 January 2012 (as restated)			2,151
Profit for the financial period		-	1,378
		<u>30</u>	<u>3,529</u>
At 31 March 2013			

## 14. Prior year adjustment

Amounts owed to group undertakings in the year ended 31 December 2011 have been restated from £4,382,000 to £2,223,000 to account for dividends that had been remitted from the subsidiary Post Glover Lifelink Inc to Metalrax Group plc but had not been reflected in the books of the company in error. Dividend income of £645,000 has also been recognised in the profit and loss account of the company for the year ended 31 December 2011.

# Notes to the financial statements

For the period ended 31 March 2013

## 15. Reconciliation of movement in equity shareholders' funds

	31 March 2013 £000	Unaudited 31 December 2011 £000
<b>Group</b>		
Opening equity shareholders' funds	960	504
(Loss)/profit for the financial period	(105)	468
Movement in foreign exchange reserve	75	(12)
	<hr/>	<hr/>
Closing equity shareholders' funds	<b>930</b>	<b>960</b>
	<hr/>	<hr/>

	31 March 2013 £000	Unaudited 31 December 2011 £000
<b>Company</b>		
Opening equity shareholders' funds	28	28
Prior year adjustments (note 14)	2,158	1,513
	<hr/>	<hr/>
Opening equity shareholders' funds (as restated)	2,186	1,541
Profit for the financial period	1,378	645
	<hr/>	<hr/>
Closing equity shareholders' funds	<b>3,564</b>	<b>2,186</b>
	<hr/>	<hr/>

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own profit and loss account

The profit for the period dealt with in the accounts of the company was £1,378,000 (2011 restated £645,000)

## Notes to the financial statements

For the period ended 31 March 2013

**16. Net cash flow from operating activities**

	Period ended 31 March 2013 £000	Unaudited Year ended 31 December 2011 £000
Operating profit	146	643
Amortisation of intangible fixed assets	106	116
Depreciation of tangible fixed assets	64	87
(Increase)/decrease in stocks	(4)	64
Decrease in debtors	88	124
Decrease in creditors	(1,527)	(710)
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(1,127)</b>	<b>324</b>

**17. Analysis of cash flows for headings netted in cash flow statement**

	Period ended 31 March 2013 £000	Unaudited Year ended 31 December 2011 £000
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(30)	(67)
Sale of tangible fixed assets	1,362	-
<b>Net cash inflow/(outflow) from capital expenditure</b>	<b>1,332</b>	<b>(67)</b>

**18. Analysis of changes in net funds**

	Unaudited 1 January 2012 £000	Cash flow £000	Exchange Movement £000	31 March 2013 £000
Cash at bank and in hand	368	(46)	7	329
<b>Net funds</b>	<b>368</b>	<b>(46)</b>	<b>7</b>	<b>329</b>



## Notes to the financial statements

For the period ended 31 March 2013

### 19. Related party transactions

Under FRS 8 the company is exempt from the requirements to disclose transactions with other wholly owned group companies

### 20. Operating lease commitments

At 31 March 2013 the group had annual commitments under non-cancellable operating leases as follows

	Land and buildings	
	Unaudited	
	31 March	31 December
	2013	2011
	£000	£000
Group		
Expiry date:		
After more than 5 years	737	-

### 21. Controlling party

At the year end the immediate and ultimate parent undertaking and controlling party was Metalrax Group plc. Metalrax Group plc have not prepared consolidated financial statements for the period, as it is in administration, and has subsequently sold its holding in the group to Arc Specialist Engineering Limited. Consolidated financial statements have been prepared for the group headed by Metalrax Overseas Holdings Limited as the results of the group have not been included in the consolidated financial statements of a larger group.

From 2 April 2013, the immediate and ultimate parent undertaking is Arc Specialist Engineering Limited, a UK registered company. The ultimate parent company of Arc Specialist Engineering Limited is Metal Steel Jersey Limited, a company incorporated in Jersey. There is no overall controlling party of Metal Steel Jersey Limited as no one party holds more than 50% of the issued share capital.

### 22. Post balance sheet events

On 2 April 2013, Metalrax Group plc sold its entire share holding of the group to Arc Specialist Engineering Limited. From this point Arc Specialist Engineering Limited became the ultimate parent company of the group.

On 15 November 2013 the group sold its investment in Metalrax Holdings Inc and its wholly owned subsidiary Post Glover Lifelink Inc.